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## **PAN-SOVIETISM**



# PAN-SOVIETISM

*The Issue Before America  
and the World*

BY  
BRUCE HOPPER



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TO  
THE MEMORY OF  
ARCHIBALD CARY COOLIDGE

■



## PREFACE

QUESTIONS about Russia which are put to observers returning from first-hand study of the Soviet régime may perhaps be summed up in a general query of wonderment: 'And what is your particular key to the riddle?' The answers are as numerous and diverse as the persons giving them. The main interest, however, seems to be not in Russia as such, but in ideas about Russia.

This small volume, a reproduction of eight lectures entitled 'Soviet Russia After Thirteen Years,' given before the Lowell Institute in 1931, presents the idea that a key to the riddle might possibly be found by thinking through the logical consequences of certain fundamental forces which are too often taken for granted or ignored. Application of this idea demands that the problems and forces natural or inherent in the land and people be distinguished from the problems and forces imposed upon the country by the Communist Party. The potential result of harmonizing these two forces, and directing them toward expansion, is Pan-Sovietism.

The lectures were frankly of the 'gadfly' order, intended to persuade Americans of the necessity



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to pull the Bolshevik dragon of our imagination out of the cave for rational study, rather than to compile a work for scientific reference. Passing judgments, based on outraged ethics, obviously do not get the dragon out into the light of day. Embargoes, deportation of alien Communists, and similar gestures may appease the righteous clamor that something must be done, but they do not bring us perceptibly nearer a solution of the real issue. For that we need long-range vision, based on knowledge of the social forces shaping the present age in the general sweep of history. And vision, however we may define it, does not come to us through underestimation of the amazing brain power, which, for better or for worse, is directing the Soviet expansion.

America's selling power in the future world market is at stake. That China is destined to become the economic battlefield in the struggle between capitalism and socialism may seem a speculative premise just now. But that the entire East is the logical economic and political hinterland of the Soviet system no one familiar with the Orient and Asiatic people can deny.

I acknowledge my debt to the many students of the tsarist régime, whose records prove that much of what is called new is really old in Russia. My apologia for the conversational tone of the

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present volume is that personal experiences tend to take charge in the telling of a story intensely human.

BRUCE HOPPER

CAMBRIDGE, MASSACHUSETTS

*March 18, 1931*



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# PAN-SOVIETISM



## CHAPTER I

### *America's Rôle in Solving the World Problem*

WHETHER they like it or not, all thinking Americans seem to be classified according to their views on two dominant issues. One of these is prohibition, which has made us an argumentative people. The other is Soviet Russia, on which subject we are likely to get slightly hysterical. Socially, we are rarely allowed to be without convictions in these two controversies.

Really to be objective in studying the bitterly contested social questions of the age, one must identify himself with the mass of humanity, moving slowly, in the fullness of time, along the middle of the road as it is cleared of obstructions. The actual clearing away is done by radical crusaders and die-hard conservatives, who do their work and then annihilate each other for the good of the race.

Humanity does seem to advance by the middle of the road. It may or may not be advancing



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toward peace and increased leisure. But it would be considered inhuman for a single writer to be so circumspect as humanity. He would be too consistent. He would be right, and he would be dull.

The present writer seeks to be neither objective nor consistent, but purely subjective. Soviet Russia is a problem for America collectively as a nation, and personally for every individual citizen. The question is not so much how and when we are going to recognize the Soviets diplomatically. That technical business is not so pressing. What cannot wait is: How and when are we going to become aware of Soviet Russia as a tremendous fact in America's future? We can become aware of Russia only by an open-minded approach, never for the moment losing sight of our own problems. We respect the middle of the road, but we are not afraid of the ditch. We want perspective, and a long shot ahead. Therefore, we jump about with a telescope. All that we need fear, really, is allowing those who lost by the Russian Revolution, or those who gained by the Russian Revolution, to interfere too much with our American vision.

The economic consequences of the victors' peace have begun to overtake us. The winter of 1930-31 was our winter of discontent. As a

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nation, in the days before we set out to win self-determination for other people, we weathered many an economic depression, secure in the faith that the glorious sun of good times would shine again in due season. We silenced our chronic pessimists, our Cassandras. Some of them we made take hemlock as false prophets. For we had learned to accept the alternating cycles of depression and prosperity as the pendulum movement of our system. We always swung back from depression to a higher position than before, so that our general advance seemed determined by immutable economic law. With knowledge of this seemingly changeless economic law, we could always trust to the 'ingenuity of our people,' and to time.

In our earlier years, when we were, in fact, the youngest great nation, we had an abundance of raw materials. We relied on our fields for expansion. Now we are almost a full-grown nation, with enormous capital tied up in finished, manufactured goods. We have huge investments and loans abroad. For that reason we have become more inflexible in an economic world which is changing with astonishing rapidity. Our old independence is difficult to maintain because of the interdependence and specialization of the machine age. So we begin to wonder. And we have such

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contradictions as general pessimism of American business men opposed to the general optimism of the American press. Need for advertising does not quite explain that situation. It may be that this is only the usual wave of pessimism that sweeps America at the bottom of a depression. It may be that the timely unexpected will again whip us out of the doldrums.

Nevertheless, we do fear the strange, powerful forces which have been gaining momentum since the war, forces which obey laws other than those to which we are accustomed. We are a people with a treasure to guard, a treasure accumulated partly by our toil and skill, and partly as a result of enormous comparative advantage, in the past, over the rest of the world. That treasure is the American standard of living. To maintain our standard of living and wage levels we build higher the tariff walls, we limit immigration, we threaten to deport aliens. Owen D. Young, a great American, all the greater because of his vision and world mind, has said: 'Let no man think that the living standards of America can be permanently maintained at a measurably higher level than those of other civilized countries. Either we shall lift theirs to ours, or they will drag ours down to theirs. Tariffs and other petty political barriers, temporarily justifiable,

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will in the long run only accentuate the trouble.' If true, that should make us think seriously.

Forces of equalization threaten to drag America off the plateau. Of the forces which may in the long haul operate against the American standard of living, there are two which demand attention now. The first is the impact on our system caused by the diversion of economic streams to political ends in Europe. America has shared in this economic nationalism since the war, the reaction against redistribution of wealth between nations. The machine age brings increasing economic interdependence between nations, but there is a powerful counteraction in the political restrictions on the movement of capital, labor, and goods. In times of trouble nations, including America, behave more than ever like human beings. There is a struggle for the lifeboats. Self-preservation is more instinctive than courtesy.

Concretely, this threat to the American standard of living takes the form of a proposed regional economic union of Europe. The question arises: Are the forces of common economic interest, as against creditor America, more or less powerful than the forces of political isolation? This much seems to be certain; Europe, as an economic unit, must in the very nature of things present a united front to the creditor with the higher standard of

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living. Even if the enormous nationalistic barriers prevent such a union, the very effort to combine might lead to a scattered but none the less effective sales resistance to American goods.

However, we have a certain defense despite the great increase of state regulation of business in Europe. The concept of private property still maintains there. And should the issue ever grow into a trans-Atlantic crisis, we could regain our selling power by cancelling the war debts. This contingency is always on the American horizon. Cancellation would release potential wealth in Europe, at least to the extent of service on the war debts, which wealth might be used to trade with us.

The second line of attack on the American standard of living comes from points beyond our controlling devices. It is the impact of socialist competition, against which we have no huge balance of debts to write off as insurance to our productive machine. That Soviet competition, still relatively unimportant, may seem unreal, even now. One of our statesmen declared in 1921 that there was no point in making a trade agreement with the Soviet government because it had nothing to trade with, and it never would have so long as the Bolsheviks remained in power. That belief was fairly general in 1921.

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The forces behind that competition obey laws unfamiliar to us. Our Soviet competitor is a state in business. It operates on the assumption that even economic laws are not fixed, but subject to the conditions of society. When social conditions change, the laws change. In the conduct of its business the Soviet state may, or may not, set market prices according to supply and demand. It may, or may not, allow the cost of production and distribution to determine value in specific instances. Behind its water-tight monopoly of foreign trade with its money free from the fluctuations of international exchange, it is now reducing most of the turnover of state-owned economy to bookkeeping, without transferring money. Professor Edwin F. Gay, whose views on world economic trends can scarcely be challenged, is only one of the economists with vision who are concerned about the pending shortage of gold. Oriental countries have been shifting from a silver to a gold basis, with the result that silver is brought up from the family hoard and replaced by gold. These economists estimate that there is not enough gold obtainable in the world's mines to back the money required by a greatly increased commodity turnover in the future, especially in view of the hoarding propensities of India. It is not likely that the

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Soviets can get away from the gold cover to their currency, but they can lessen the necessity for gold by making bookkeeping do the work of money transfer within the state economic system.

Now, this may mean much, or little, to us. But we cannot get away from the economic interdependence and social implications of the machine age. We led the way in conquering nature by the machine. We cast out the torch which set the world afire with fevers of industrialization. At the same time, we must sell goods. Europe still takes nearly half of our exports. But Eastern Europe has been industrializing, and must become a diminishing market. Taking the long view of the future we see that the greatest potential and vacant market is the continent of Asia. Since the war the entire East has been undergoing a renaissance, a rebirth. The keynote of the movement which has seized Arab, Persian, Indian, and Chinese is nationalism, to be achieved by industrialization, by modernization, by opposing economic and political power of the native to the economic and political power of Western imperialism. That imperialism began to loosen its grip in Europe's self-destructive war of attrition.

It may well be that the decisive battle between capitalism and socialism, between individualism

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and collectivism, if it comes to that, will be fought out, not in Europe or America, but in the fluid East, where economic systems are still in the making. According to present indications the probable economic antagonists will be America and Soviet Russia.

Taking the historical view, we find that we inherited our civil law from Rome. Our moral law comes from Judaism and Christianity. But our economic law has never been codified. Dealing with futures is always risky. There is the possibility, however, that the system which captures the Asiatic market will have the greater share in moulding the new political institutions of the East. The system that wins the support of the billion people in Asia might thereby have the balance of power necessary to dictate the *lex economica* of the future, the relation of public authority to property, and the relation of man to the machine.

In the spring of 1918 shells suddenly began to fall in Paris. Wild rumors spread about — they come from invisible enemy airplanes, they come from our own guns, they must be meteors. Many explanations were offered before the right one was announced by the French Intelligence Staff. That the shells actually came from a German gun seventy miles away we refused to believe. Such



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a gun was impossible. Theoretically, such a gun could not exist. Empirically, a shell came over every hour. Of course, that gun — there were eventually four as replacements — failed of its ultimate purpose, which was to shatter the French civilian morale. What it did shatter was the accepted understanding of the laws limiting artillery.

One of America's great educators has said: 'We suffer not so much from the people who are consciously wicked, as from the people who are consciously righteous.' We were consciously righteous about that Paris gun; to us it could not exist. The Bolsheviks are consciously righteous in their doctrine that by the inevitableness of history capitalism must shake itself to pieces. But they are on the offensive. The capitalist system does seem to need some renovation. At any rate, it is on the defensive today. And while we are prepared to defend it, we know that to be consciously righteous on the defensive invites the disaster of change forced from below.

This is not to imply that America is in any danger of social revolution. But that danger does exist elsewhere. America can meet it by working out a solution of the world issue between profit-making individualism and social control, a solution which takes full cognizance of the social impli-

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cations of the machine age, without, of necessity, abandoning the concept of private property. Where our system can stand the pressure of the new forces, those key points we must defend with our strength and intelligence. Where our system is out of harmony with the new age, such points we must shift or abandon. That is, eventually. If changes must come, we want to do the changing ourselves. What we are after here is information about Russia's experience, which we may, or may not, find applicable to our own problems. We must be careful not to draw analogies between conditions which might be utterly dissimilar.

Because of the post-war economic geography, nations of Western Europe look to America for a solution of this world problem. America's rôle is not only to find remedies for the social consequences of machine production, but also to develop leaders of vision who will have thought out in advance the defenses against Pan-Sovietism.

## CHAPTER II

### *The Russian Land and People*

IN Moscow, along the walls of the Kremlin, extends Alexander Garden. In the trees there are thousands of ravens, so thick that they cast a winter shade. Day and night they huddle together, and mutter, and croak. Occasionally, as though by secret signal, they rise with great flapping of wings, swoop over the Kremlin walls on tours of inspection, and then circle back to the trees, to mutter and croak. They seem to live without eating. These ravens may know what goes on in the Kremlin, but their answer to the student is symbolically a croak.

Russia is called an enigma, a riddle, which is something not even the blind men of the fable called the elephant they could feel, but could not see. Who knows Russia? The foreigner, no matter how long he lives there, has certain limitations of language and psychology. The average Russian is bewildered by the frequency of the unexpected in his strange fatherland. Perhaps the most current phrase in Russian is *ne snayu*, 'I don't know.' If no one knows Russia, *ergo*,

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Russia is unknown. That's one of the few general statements about the country which was true when Rurik, the first notable foreigner, came to Russia about 862, and which continues to be true in 1931.

And yet we can no longer call Russia an enigma, and dismiss it as something pertaining to another planet. For thirteen years the red flag has been flying over the Kremlin. And for thirteen years the soothsayers have been casting spells, chanting the formula: It's bound to fall, it's bound to fall, it's bound to fall. But somehow the Kremlin walls have not yet proved to be so responsive to magic as were the walls of Jericho. Meanwhile, the revolution has passed through famine and exhaustion to its present position as economic threat to the world. So there must be mystery somewhere. Communists are even credited with occult powers. According to the American press the Communists just have to whisper, and banks forthwith close their doors, and fail.

Now, we can avoid certain major pitfalls in the situation if we distinguish between the problems inherent in land and people, and the problems superimposed by the Communists. Our evidence, however incomplete, is sufficient to indicate two sets of data with which we can

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follow the internal conflict between economic pressure from below and ideological pressure from above, the contradiction which foreigners call the enigma. We must think through the fundamentals, and agree upon what is known before we close in on the unknown. This, of course, is the methodology of the new school of international relations which seeks to measure the fundamental forces which make nations behave the way they do, despite what their statesmen say they will do. By this method we can dispel much of the surface mystery, and get down to the real Quantity  $X$ , and there is one, in the Soviet system.

A large part of this Quantity  $X$  is rooted in the soil, and in the character qualities of the Russian people. These people are the imponderables. In time, they will determine the success or failure of the system. Therefore, in our selection of the fundamental forces we must give first and last place to the human raw material, the 160 million 'little brothers' being experimented upon in the Soviet laboratory. Why were these people so backward? Why did they call themselves the 'dark people'? The general explanation is that these people are what they are as a result of geography, climate, political autocracy, the class system, and the pre-war economic system, all of

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which combine to explain Russia's backwardness. These factors of nature and history still condition the Soviet régime after thirteen years.

### THE HUMAN RAW MATERIAL

The Slavs are a branch of the Aryan stock. Their original home was on the northern slopes of the Carpathians, from which, in the third century A.D., they began to migrate. Some went west to form the Poles, Czechs, and Slovaks. Some crossed Hungary to the south, and formed the Serbs, Croats, Slovenes, and to a lesser extent the Bulgarians. The greatest part went east to form the Eastern Slavs. This division was complete by the sixth century.

In what is now Russia the Eastern Slavs found the Finns, an Asiatic people, with whom they mixed freely. They evidently did not mix very much with the Varangians, or Scandinavians, of the Rurik dynasty which ruled Russia from the ninth to the end of the sixteenth centuries. But later they mixed with the Tartars, who held the land in tribute for two hundred and fifty years. The Tartars were Mongols in the upper crust, and Turks in the rank and file. Just what percentage of Asiatic strains is to be found in the modern Russian is a question which historians argue endlessly. The high cheek-bones and flat

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faces, seen so often, are attributed to the Finnish mixture.

After the Tartar conquest, in the thirteenth century, these Eastern Slavs began to subdivide into Great Russians, in the north, Little Russians or Ukrainians, and White Russians to the west. The Ukrainians and White Russians were under Lithuanian and Polish rule for four centuries. The Great Russians, more mixed with the Finns, became the pioneering, colonizing branch. They are tougher than other Slavs. The Ukrainians are the softer people of the South, more imaginative, and less enterprising. The White Russians, numerically less important, were largely Polonized.

The language of these people, likewise subdivided, was reduced to writing by Saint Cyril, a Byzantine missionary of the ninth century, whence comes the Cyrillic alphabet. The written language for centuries was largely limited to church use, the Old Church Slavonic. Peter the Great introduced the civil alphabet. Then the Bolsheviks reduced the alphabet from thirty-five to thirty letters. The Russian language reveals much about the character of the people who evolved it. French is concise, crystalline, adapted to logic and the fine meanings of diplomacy. English, because of our ambiguities, is

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more poetic, German still more, and Russian most of all. Russian is closest to the soil. And Russian poetry is a primitive yearning which takes us right back to the morning of the race.

There are in the Soviet Union 182 nationalities, speaking 149 different languages or dialects. Of a total population of 147 million, noted in the 1926 census, 113 million, or some 77 per cent are Slavs, and the rest Kazaks, Uzbeks, Tartars, Georgians, Armenians, and so on down a long list of Asiatic peoples. Less than three million Jews live in Russia today, and about a million and a half descendants of the old German colonists. The fact that one fourth of the population is Asiatic, and that Great Russians have such a strong mixture of Asiatic blood, gives some weight to the dictum that Russia is not Eastern Europe but Western Asia. This Soviet nationality problem we must consider later, along with the thesis that the whole continent of Asia seems destined by geography and spiritual affinity to become a huge reserve of political and economic power for Russia.

### EFFECT OF GEOGRAPHY

The first fundamental factor affecting these people is geography. Russians have never recognized the Urals as a boundary. A school of



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Russian *émigrés*, called Eurasians, or Europeans, contend that Russia is neither Europe nor Asia, but a third continent, which must develop its own indigenous institutions. To them the great mistake of Russia's history was in going to school in the West instead of pursuing the destiny marked out by geography. They have, of course, a political, social, economic, and religious program to apply if, and when, the Bolsheviks are overthrown.

Russia's fundamental urge has always been to the east. According to the Russian geographer, Semenov Tian-Shansky, of all the emigrants from Europe between the end of the fifteenth and the end of the nineteenth centuries 72 per cent, mostly Western Europeans, came to the Americas, and 28 per cent, mostly Slavs, went into the interior of Eurasia. The East is to Russia what the Far West has been to us. But the expansion of the Great Russian race gave rise to a duality, European and Asiatic, a contradiction which underlies all of Russian life and institutions.

A glance at the map reveals a startling contrast. Western Europe is cut up by gulfs and mountain ranges, behind which people differentiated, and formed nationalities. There are no such natural subdivisions of the Eurasian Plain, from the Baltic almost to the Pacific, and from

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the Arctic to the mountain wall of Tibet. Here there is unity and immensity. As Western Europe was destined to develop small states, the Russian land was destined to be an unbroken political unit, the largest in the world. Geographical unity and immensity explain much about the Tsarist autocracy and the centralized control of the Communist Party.

There are other features. The country is remote from maritime influence, hence the historic quest for an ice-free port. Russian civilization is a river culture. Her history is divided into the Dnieper period, Kievan rule; the Volga period, Muscovite rule; the Neva period, from Peter the Great to the Bolsheviks; and now again the Volga and Moscow. The great rivers of Russia and Siberia are the traditional highways of commerce, navigable for most of their length. Unfortunately for Russia's economic development, the Mother Volga empties into the inland Caspian Sea. A project to build a canal between the Volga and Don, thus opening the interior to ocean traffic, has been entertained by various rulers since Peter the Great. The Soviets have actually begun the work.

Russia has its contrasts and variety not in mountains and valleys, but in the conditions imposed by latitude. Five zones cross the map.

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The Arctic zone is mostly frozen bog and tundra. The Urals, in flora and fauna, form a long tongue of the Arctic pushed down into the heart of the steppes. Once, with an American companion, I took a winter reindeer trip into the interior of the Kola Peninsula along the Arctic, and had a rather gay time with the Lapps, Samoyeds, and Finno-Ugrian peoples. It was not so difficult as it sounds, for we crossed the Arctic Circle in a *wagon-lit*. We fattened on reindeer soup and got too big for our furs. (The natives there, by the way, have local prohibition. They say vodka is bad for reindeer.) Next comes the forest zone, which broadens in Siberia to form the virginal 'taiga.' The famous Black Soil Belt is next to the south. This soil of decomposed steppe grass, from one to four feet deep, has the wonderful fertility which made Russia the granary of Europe. Then come the steppes proper, of song and story, now made productive by scientific farming. And lastly are the saline deserts to the southeast. These regions have always been peculiarly interdependent. Food-producing has been concentrated in the South and in Siberia; manufacturing and fuel in the North. Distance has always been a barrier to economic development, and never more than now when the Soviets find that transport difficulties threaten to limit

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the Five-Year Plan. But this distance barrier has likewise served Russia as a natural defense against military attack, as Europe has discovered many times.

### EFFECT OF CLIMATE

The second fundamental in our study is climate. The ancient Greeks called Russia the outer darkness, the land of the Scythian winter. The climate is continental and extreme. The range from the Arctic to the sub-tropics is between the isotherms of 20 degrees of frost to 20 degrees of heat, Centigrade, making a total of 40 degrees Centigrade, or 72 degrees Fahrenheit. This wide range occurs in no other single country. The United States has a range of 36 degrees Fahrenheit.

Over half of Russia has a winter of six months. Beyond the Yenesei, where the ground is permanently frozen, the winter runs into nine months. In that region, northeastern Siberia, shut off from the sea, is situated the Pole of Cold of the world. The average January temperature there is 59 degrees below Fahrenheit zero. At Verkhoyansk it drops to 90 below. At only one point, Murmansk, does the Gulf Stream influence Russia. Wherever you are on that immense Eurasian plain you feel the presence of

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that Pole of Cold, and the ice-pack of the long Arctic coast. There is not a sizable barrier to stop the howling gales from the Siberian North, which blow right off the ice to the Black Sea.

In summer, the reverse is true. Torrid winds sweep up from Turkestan and the Caspian. Summers are short, but hot. Southern Russia has a winter like Scandinavia and a summer like the interior of Spain. There are instances recorded, on the Khirgiz Steppe, of the mercury in the thermometer congealing in winter, and bursting the tube in July. I have been on the Khirgiz Steppe in July, and found the Cossacks hugging their sheepskins at night, and saying, '*skoro zimma budyet*,' 'soon it will be winter.'

The seasons alter violently. Autumn is brief, and spring is briefer still. The snow goes out with a rush. Then follow a few weeks of slop. Sometimes the cold comes back after the thaw has begun. Then summer also comes in a rush for the short growing season.

Now, continued extreme cold produces effects not unlike those produced by continued extreme heat. Both bring on lassitude, and passivity of body and spirit. In the South the human counteraction is the siesta; in the North it is hibernation. It is the violence of these extremes which has affected the Russian character. The Russian

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peasants seal up their *izbas*, putty all the cracks, and keep the temperature inside at about eighty degrees. From that atmosphere, hot and stale, they step out into forty below. For us that would be like stepping from Singapore into Labrador for Christmas, with one result, pneumonia.

Much of Russia can also be explained by the long winter night. In Leningrad, in mid-winter, it is light from ten to about half-past two. It was during the long winter night that thrifty peasants developed the wonderful handicraft in making the *kustarni* ware which we see on Fifth Avenue, New York. And the long winter night probably accounts for Russian loquacity. No people in the world talk so much as the Russians. They have behind them centuries of long winter nights around the samovar. Russian friends have kept me up all night to convince me on some point in metaphysics, and when I, in weariness, would be convinced, they would switch positions and attack me with the very arguments I had used ten hours before. That's why so many Russians are political prisoners on the island of Solovetsky in the White Sea. They just *must* talk. If no one will listen, they talk to themselves. Foreigners in Russia get that way, too.

Then come the white nights of summer. In Leningrad, from the roof of the Europa Hotel,

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you can see the last flicker of the sun setting to the west of north, and the first rays of the same sun rising to the east of north. After an evening at the theater you come out into the fresh blue of a new day. You travel on one of the many river steamers, sit around and enjoy the evening, and before you think of going to bed, the sun is up, and peasants are working in the fields along the banks. In summer the peasant works eighteen to twenty hours a day. In winter he hibernates like a bear. Of course, the summers are short, and the winters are long. The difference is important from the peasant's point of view.

Like his climate the Russian lacks balance, rushing from one extreme to another. He hasn't much conception of time. Nature placed him under heavy odds. Why try to conquer Nature? *Nitchevo* — it doesn't matter! Better just endure it as best you can. Nekrassov's famous poem, 'The Red-Nosed Frost,' is a thrilling reproduction of the shudders of the North, and the sleepiness of freezing to death. Every Great Russian knows something of the feeling. Now, this oppression of climate has prepared the Russian for the oppression of man. To him endurance is the supreme virtue. In 1915, in sections of the Russian trenches, there was only one rifle to every four or five men. As the one with the gun would

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be killed, the next would catch it as it fell, and go on firing until he stopped the bullet meant for him. As in the old Russian game of boxing, the victor was not the one who could inflict, but the one who could endure, the most punishment.

But for all his capacity to suffer, the Russian is a contradictory animal. The Russian peasant is lovable and gentle, but can be brutal and savage. In 1917 peasants all over the country killed their *barins*, or landlords, and burned the manor houses. In explaining to me, they would say: 'Yes, the *barin* was a good man, and we loved him. But we just had to kill him, otherwise he would have come back for the land.'

You have to live awhile under that melancholy sky of the steppe to understand the Russian. Man feels so small in that immensity. I traveled by *telega*, or peasants' light wagon, south of the Urals. Day after day it was the same old steppe. Toward night I would look anxiously ahead, and see first the tip of a church steeple over the curvature of the earth. An hour later I might see the roof and eventually the lights of the village. The next morning was always like going out to sea all over again.

Foreigners are surprised at the number of Russians who can live in one room. They do not share our views of privacy. There has always



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been a kind of primitive communism among the peasants. Russians, huddling together in the midst of a cold immensity, have long been accustomed to doing things collectively, as groups rather than as individuals. That is one reason why they may take on a socialism which would be rejected elsewhere.

### THE AUTOCRACY

The third fundamental moulding force, this time an historical one, is the theo-political autocracy. The Russians endured autocracy for nearly five hundred years. Many factors might explain this seeming supineness of the people. Geography, climate, and the proximity of Asia must not be overlooked. The Russians have a habit of blaming the Tartars for everything bad in their country. As a matter of fact, they took the practice of autocracy from the Tartars, but they received the theory of it in direct gift from Byzantium. Without support of the Church it is unlikely that the autocracy could have continued so long. It was Ivan III, end of the fifteenth century, who first took the title of autocrat, or 'auto-krator,' one who rules in his own right. That was shortly after the fall of Constantinople and the Balkan Christian states to the Turks. The events of the time favored the conclusion

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that God had singled out Moscow for a unique mission, for breaking the Tartar yoke and for protecting the true faith. It was believed that as the Roman Empire could not die, it merely shifted its capital from Rome to Constantinople, and thence to Moscow, the third and last Rome. An ancient crown was produced, supposed to have been given by an angel from heaven to the Greeks, who transferred it, along with the sovereignty of the Cæsars, to Vladimir Monomachus. Thus the divine origin of the autocracy, and thus the Holy Russia of centuries to come. Ivan III, an excellent business man, also managed to marry the niece of the last Byzantine Emperor. He called himself heir to the Cæsars. This marked the introduction into Russia of the Oriental splendor of Byzantium, and the pomp, extravaganza, and aloofness of the ruler. The old leniency disappeared. The *kowtow* was borrowed from the Tartars, along with their bureaucracy. Princes of the realm could approach the sovereign only in a prostrate position. And to express opposition to the government became dangerous; to express opposition has never ceased to be dangerous in Russia.

The Moscow tsars ('tsar' is the Russian corruption of Cæsar, introduced by Ivan IV) used the Church for political ends. With the exception

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of Patriarch Nikon's short struggle with Tsar Alexis, in the third quarter of the seventeenth century, the Church was the staunch bulwark of the autocracy right down to the end, in 1917. That should be remembered in considering the Bolshevik hostility to organized religion.

There were moments when Russia seemed on the verge of constitutionalism. When the National Assembly elevated the Romanov family to the throne in 1613, it could have imposed limits on the autocracy. This National Assembly was called from time to time to raise money. The last one met in 1654. In 1730, Empress Anne signed the celebrated conditions, granting executive rights to a council, and then tore them up. She was persuaded that Russia preferred being ruled in the old way. And she evidently was right. Catherine the Great, in her first flush of liberalism, thought of granting representative rights, and called a parliament of law-makers in 1767. But she was frightened by the Pugachev revolt. The Speransky reforms under Alexander I, the early measures of Alexander II, and the pseudo-constitution he signed on the eve of his assassination in 1881, all seemed to indicate propitious moments. But in typical Russian style nothing much happened. The tsars were often benevolent, but the autocracy was incapable of reform-

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ing itself. A constitution, such as it was, was forced from the crown by the 1905 revolution. But it did not lead to popular government. The Russian people have never known popular government. They lived under the régime of autocracy, orthodoxy, and Russian nationalism. The Communists are not alone in blaming the Church for making this possible, the Church which made obedience to the autocrat the will of God, and which instructed its priests that the secrecy of confession could be violated when it revealed acts against the safety of the semi-divine ruler. With the Church as a political instrument, the tsarist régime brought the dead hand of medieval theocracy down into the twentieth century. It was a tragic anachronism.

### THE CLASS SYSTEM

The fourth fundamental explanation for Russia's backwardness is the class system which developed out of the state's need for large armies. By the sixteenth century the Moscow princes had established the principle that any one holding land must give lifelong military service to the state. This was called 'enserfment of the nobility.' Enforcement of this principle meant extensive expropriations, and continual redistribution of land. The tsar was absolute sovereign over the

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property held by his subjects. Ivan IV, for instance, nationalized on a grand scale the land of nobles who were delinquent in service, and redistributed the estates among his immediate followers, the *opritchniki*. The Bolsheviks had a number of such spiritual ancestors in Russia.

Down to the close of the Middle Ages the great mass of the peasants were free, holding free tenure rights. The new feudal system which came as a result of the growing autocracy, and the state's need for armies, changed everything for the tillers of the soil. That is, if the nobles had to spend their time serving the state, some one had to support the nobles. Land was not enough; they needed workers. There was a gradual shift in ownership. Peasants lost their freehold rights, and became tenants. As tenants they no longer paid taxes to the state, but to the nobles. An economic crisis in the second half of the sixteenth century forced the issue. Peasants began to desert in droves, seeking new land in the Wildfields of the southeast. The nobles, deprived of labor force, and still obliged to serve the state, were threatened with ruin.

It is hard to say just when the enserfment of the peasants took place. The process extended over a hundred years. The Ulozhenia, or Law Code of 1649, required the peasants to stay put,

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where they were. From then on to the end of the century, they were stripped of one right after another, and became, in reality, slaves. Feudalism thus came to Russia in the seventeenth century, after it was dead in the West. Russian feudalism was distinguished from ours in that it was imposed by the crown from above, not by the nobles from below. And there was no hierarchy of allegiance; land was held direct from the tsar.

Peter the Great fastened the state shackles even tighter on nobles and serfs. He made the nobles begin serving the state at the age of fifteen, either in the army or navy or in the bureaucracy. He began the hated poll, or soul, tax, from which the nobles were exempt, but which took the peasants' blood down to 1886. Of course, there were even then some free peasants. But, in general, nobles were slaves to the state, and the serfs were slaves to both. That state dominance over the individual has continued to the present in Russia.

Emancipation of the nobles was effected in 1762, under Peter III. Thereafter, service to the state, the basis of right to possess serfs, was no longer obligatory on the nobles. That should have been followed shortly by the emancipation of the serfs. Instead of such logical sequence,

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Catherine granted the Charter of Privileges to the Nobility in 1785, which united the nobles with the crown against the peasants.

By the emancipation of the serfs in 1861, and 1865-66, two thirds of the total population, 46 million people, were freed. They were freed, after three hundred years of bondage, only to become financial slaves to the state and the land redemption payments. The results of this discreditable compromise we must note in the next chapter.

### PRE-WAR ECONOMIC SYSTEM

The fifth fundamental cause for backwardness was the pre-war economic system. In this we should include agriculture, but the organization of industry will illustrate the point.

Peter the Great is called the father of Russian industry. He wished to westernize Russia, and at the same time to free the country from dependence on foreign supplies. One is struck by the analogy between Peter and the Bolsheviks, in the reliance on industry to lift the prosperity of the country, in the importation of foreign technicians, and in the ruthless methods of driving the people willy-nilly into efficient industrial methods of the day.

It was Peter who established the principle that

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the economic system must be regulated by the needs of the state. His particular need was to maintain a standing army of 250,000 men. The sacrifice of individual welfare for the good of the state was as cardinal a policy with Peter as it is with the Bolsheviks. Besides establishing state factories, Peter gave factories to nobles on condition of lifelong service. He and his successors supplied labor force merely by allotting state serfs to the factories. Sometimes whole villages were turned over. A decree of 1736 provided that all artisans then working in factories must remain there with their families forever. Free workers, who had no owners, were given to the factories gratuitously. During the eighteenth century one and a half million serfs were apportioned to factories. Russian industry was thus built, and it grew up, on bondage labor. And in the evolution of the system the workers, once leased by the state, became personally bonded to the factory owners, who had jurisdictional powers over them. After the emancipation of 1861, this bonded labor formed what was to become the rock-bottom proletariat, now supposed to be ruling Russia.

The absence of a large middle class is often given as the reason for the failure of the Krensky régime. With the exception of the intelli-



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gentsia, a middle class grows by the possession of property. Now, in Russia, the state tutelage of the economic system precluded wide possession of private property. Even in granting land, which it could take back, the state retained title to the sub-soil. In the eighteenth century the supposed owner could not chop down an oak tree on his land without becoming liable to the death penalty. Not until 1782 do we meet, in a legal sense, the Russian word for property, *sobstvennost*. Until 1801 only nobles could hold property in land. A history of property rights would reveal the astounding fact that Russian people, as a mass, did not acquire property rights until comparatively recently. The great mass of peasants did not acquire even civic rights until 1906. A capitalist class began to develop late in the nineteenth century, but was numerically small. Of course, if the revolution had been staved off for a few more decades, a strong middle class of industrial owners, intellectuals, and independent farmers, might have developed. As it was, when the autocracy toppled, class sovereignty fell all the way to the lowest class, the proletariat, because there was nothing effective to stop it on the way down, except the unorganized peasantry.

This natural and historical setting we must

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keep in mind. It is essential to the picture of a new form of state tutelage superimposed upon the same old problems. The people supply the continuity between the old and the new, and prove that much of what is called new is really old in Russia.

By Russian people I do not mean the 1.5 per cent minority, the nobles who charmed and dazzled the Riviera, nor the 8 or 9 per cent minority, the bourgeoisie, even though that class contained scholars and reformers who made contributions to society of permanent worth. I mean the 85 per cent majority, the people who never had their day.

### THE SOVIET MAN-POWER

The population of the Russian Empire in 1914 was about 180 million. Of these, 30 million were detached upon the formation of the border states, Finland, Esthonia, Latvia, Lithuania, Poland, and the forced cession of Bessarabia to Roumania, which the Soviets have never recognized.

Of the 14 million men mobilized for Russian armies during the World War, 11 million died of wounds and disease. The effects of the war on the incidence of disease in Russia are only now becoming known. Dr. W. Horsley Gantt, an American assistant to the great Pavlov in Lenin-

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grad, spent years studying this problem. Dr. Gantt first went to Russia with the American Relief Administration in 1922. The A.R.A., or ARA as it is called by the Russians, left a memory of American good will and bounty, and no matter what government officials might say about the commercial propensities of certain members, the word ARA is spoken with touching gratitude by millions of children now grown up to be men in what was the Black Belt of famine on the Volga.

According to Dr. Gantt what the Soviets inherited from the tsarist régime by way of health service amounted to just about nothing. In the United States before the war there was one doctor to every 800 inhabitants, in England one to 1400, in Germany one to 1500, in tsarist Russia one to 6000. It is not strange that the war and its aftermath, restriction of food, physical and mental suffering, famine and epidemics, to say nothing of the disorders of the revolution, caused more disease than any other war or calamity in the medical history of Europe.

At one time 20 million were starving. Between 1920 and 1922, 10 million died of starvation. Then came the epidemics. There were 35 million cases of typhus and relapsing fever in Russia after the war. On the heels of these came tuber-

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culosis, which took off almost all the chronic cases. Malaria was next, with 18 million cases, some as far north as Archangel and Murmansk on the Arctic, spread by the enormous mass movement of the people, and aggravated by the lack of quinine and medical personnel. Given the 'famine inanition,' even dysentery became a deadly disease.

Now, it is difficult to apportion the blame for this. The health of Russia ten years ago was a legacy of war, which assumed the proportions of tremendous cataclysm because of a combination of circumstances in which the inefficiency of the old régime must have a place. The revolution increased the disorder, and made outside aid difficult. The economic policies which forced the peasants' strike, and the civil war, prolonged by Allied intervention, all contributed to the smashing of Russia.

We find the results of the famine to be a degeneration, a decrease in the capacity for work, an apathy, an impairment of memory, and a weakness of will, and a universal decline in the national resistance to disease. There were anthropological changes, a decrease in the average height, a decrease in weight from 20 to 40 per cent, and a shrinkage of the skull, which became longer back of the middle of the head. The face

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became longer, the arms longer, and the lips thinner, which are supposed to indicate a return to the features of our primitive ancestors. Russian specialists declare that these anthropological changes are present in the offspring as mutations and regressions, although there are some signs that they will disappear.

That is the picture of the Russian giant, writhing like Prometheus chained, with the vultures of famine and disease devouring him. The Four Horsemen of the Apocalypse scourged the Russian land, mowed down 40 million people between 1917 and 1924, and left the rest staggering.

In the West we have a famous painting by Cowboy Russell, a picture of a cow, shrunken and humped, wobbling in the whirling snow. The title is 'The Last of the Five Thousand, Waiting for a Chinook.' The Chinook is the warm wind from the Pacific which takes off the snow in a single night. That is my idea of the man-power with which the Soviets began to build socialism.

But amazing is the vitality of the Slav. On the present territory of the Soviet Union there were in 1850 some 57 million people, with 5 per cent dwelling in towns. In 1923 there were 133 million, and today close to 160 million. There are some 20 per cent living in cities today. This

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tenacious, persistent population has thus almost trebled in eighty years, despite the unparalleled loss during the war decade.

These people never had a renaissance. They never had a reformation. They have no real tradition of self-government. They know neither freedom nor the intoxication of liberty, except for the six weeks' delirium in the spring of 1917. They are peasants, or ex-peasants with their roots in the village, until recently dark in their illiteracy. They emerged from serfdom only to be plunged into the 1905 revolution. Before they recovered from that, they were flung into a world war which they never could understand. For sixteen years now they have been under the tent, a people at war, for the so-called transition to socialism is war continued. They have gone through famine, plague, and economic exhaustion. No people has suffered as have the Russians, unless it be the Chinese. How the Communists will transform these 'little brothers' is a question. They are specimens in the laboratory. Whether they are to become soulless, mechanical robots, or a wonder people with potential creative power unleashed from centuries of shackles, we cannot yet tell. They have been through the fire many times, and have proved indestructible. Like the land they live in, they are built on the

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big scale. They have big ideas. And they have a real love for Russia.

These people we must have before us in examining the Soviet system. These are people who can endure what they have endured, and still go on increasing at the rate of three million a year, a larger annual increase than the whole population of Denmark. It is this fertility of the Russians, even in adversity, which is at the root of Russia's great economic problem. Over a long period of years the population has been growing faster than the means to provide ordinary necessities of life and employment. That was Russia's problem before the war. That has been the problem of the Soviets. And that is the problem which must lie in the background of any realistic study of the Soviet system.

## CHAPTER III

### *State Economic Control of the Old Régime*

IN attempting to distinguish the problems which the Communists inherited from those which they have imposed, we must emphasize the state's tutelage over national economic life, which began long before 1917. It may be that there is something about the soil of the Eurasian plain which is unfree. It may be that the struggle between man and nature in that large and rich segment of the earth will continue until the creation of supermen in a higher stage of human development. Viewed historically, Russia seemed destined to remain an agricultural appanage of the industrial West, with the darkness of the centuries over the land because of her disadvantages in world economics. And however we may disapprove of certain tenets of the Communist creed, we cannot, in justice, hold them responsible for the dead hand of the past which continues to weigh down Russian life.

#### PRE-WAR AGRICULTURE

The emancipation which freed 25 million private serfs in 1861, and 21 million crown serfs



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in 1865-66, has been called the greatest legislative act of any Russian sovereign. The edict was a law code of two thousand articles. All serfs received their freedom. House serfs received no land; they became the landless peasants and rural laborers. But peasants settled on the land received ownership of their homes and gardens attached, in return for a nominal price fixed by law. The difficulty arose over the division of the old manorial lands between the freed serfs and their former masters. The government put up four fifths of the purchase price when the peasants could furnish the other fifth. The nobles were thus paid off at once, and the peasants went into debt to the state, and were allowed to pay in installments over forty-nine years, plus interest. These were the famous redemption payments which loom so large in the revolutionary literature of Russia.

This settlement was a moral and economic gain, but it had many defects. The peasants did not get as much land as they had leased under serfdom, which at that was just enough to enable them to pay taxes to the state. The other half of their obligations — that is, to their masters — they had discharged by labor on the domains, three days a week. Hence the land hunger. Then there was the alarming birth rate. Peasant hold-

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ings increased 50 per cent between 1861 and 1905, but the peasant population increased 100 per cent. According to one set of figures the average holding per head of the male peasant population was 4.8 dessiatines in 1861 (a dessiatine is 2.7 acres), 3.5 in 1880, and 2.6 in 1905, a decrease of one half in 44 years. Now, the average peasant family required about 12 dessiatines, or over 30 acres, for a satisfactory livelihood. It is estimated that 70 per cent of the peasants got less from the land than would suffice for a decent existence. About 20 per cent could feed themselves, but not their live-stock. And only 10 per cent could produce enough to get a little more than the bare necessities of existence. In the Black Soil Belt, where the holdings were smallest, the average money turnover of a peasant family of five persons, after paying taxes, was 82 rubles a year, a little over \$40.

The agrarian committee appointed by Count Witte in 1903 reported: 'When the harvest is normal the amount of nutriment obtainable by the peasant is, on the average, 30 per cent below the minimum requisite to maintain the strength of an adult worker on the land.' And yet hungry Russia continued to export grain!

There were other manifestations of agricultural decline. The head of cattle, for instance, declined

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from 37.2 per 100 inhabitants in 1880 to 30 in 1909. Tax burdens increased. From 1893 to 1902 the population increased 13 per cent, and taxes increased 49 per cent. That was during the industrialization fever of Count Witte. The peasants became more and more hopelessly in arrears with taxes and redemption payments. When they could not pay, the gendarmes seized their horses, cattle, and other means of production, leaving them nothing but the land. The coming of the gendarmes, the chattels piled out in front of the *izba*, and the peasant family weeping, became a familiar picture of Russian life.

What is important for our study is that the peasant did not become an individual landowner in 1861. The land was not bought by individual peasants, but by the *mir*, or community, which became known thereafter as the *obshchina*. Now what was this *mir*, or *obshchina*, which may be called the curse of Russian agriculture?

Throughout Russian history communal division of land was a constant feature of peasant life. The *Russkaya Pravda*, eleventh century, contains the first mention of a system of land tenure of undivided ownership by members of a household, each member having a share in the family fields. This family ownership developed into communal ownership in medieval times,

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and village communities became known as *mir*s. Members of a *mir* were bound together by mutual guarantee for payment of taxes. The *mir* assessed the land, and paid the taxes. If an individual peasant absconded, the deficit was made up out of the *mir* funds. After the sixteenth century the individual was bound to the community, and there was compulsory equality in the allotment of land as among households. The change of 1861 was that division of land was thereafter made according to the number of working members of a household, which necessitated frequent redistribution.

This *mir* was bolstered up by the government and was a substitute for the police power of the nobles in collecting taxes and redemption payments. It condemned Russia to agricultural backwardness. It discouraged initiative and improvement. If a peasant fertilized his plot, he might lose it at the next redistribution. The mutual guarantee of taxes meant that the industrious peasant had to carry the load of the shiftless.

The worst feature of the *mir* was the parcellation, or strip system. Within a community each family was entitled to its bit of clay land, sand, good soil, or marsh. Not only did this enforce compulsory rotation of crops — that is, all strips

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in a field had to be sown alike — but it meant that the strips were too small for the use of machinery. Much land was wasted in boundary furrows. In the southern and southeastern sections, where the lands are of fairly even quality, the families had their land in less than ten strips. But farther north, where swamps and forests abound, and the soil is multi-colored, nearly one half of the peasant families had their land in more than forty tiny strips, some in more than one hundred.

Another factor was the distance between the villages and the fields. On the Volga, and in the southeast, the chief grain regions, where water is scarce and wells must be deep, the peasants have settled in large villages of 10,000 and more. There only one fourth of the fields are within five versts (a verst is two thirds of a mile), and the rest five to fifteen versts, and even more. In the north, the distances are not so great. Distance is always an obstacle in Russia. We cannot imagine an American farmer driving his nag ten miles to hoe a row of corn, but that has not been unusual in Russia.

During the 1905 revolution the government awakened to the fact that the mir was the greatest evil of agriculture. In 1906 the redemption payments were abolished, and individual peas-

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ants were permitted to leave the mir. By 1911, some six million peasant families were detached from the communities, in personal possession of land. Stolypin, and others of his time, believed that the best way to avert revolution was by building up a big class of peasant proprietors, who would naturally be conservative in their political ideas. But the pardon came too late; 1917 restored equality of shares. The mir, *obshchina*, again became the dominant order, and continued so until the collectivization process of 1930. This land problem was the broad base of the Russian Revolution, and has been the most serious obstacle to Soviet plans.

### PRE-WAR INDUSTRY

Turning now to industry, we find that, in spite of Peter the Great, it played a minor rôle in economic life down to the late nineteenth century. Then began the industrialization which was expected to free the country from dependence on foreign manufactures, and to provide employment for the surplus population. With the supply of free and cheap labor, released by the emancipation, Russia's potentialities were recognized abroad, which led to an influx of foreign capital. This industrial expansion, and feverish railway-building, was largely financed by

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foreign borrowings, or by permitting a measure of foreign control.

We need note only a few features. First, there was the creation of a working class. Previously, the compulsory factory labor consisted of peasants, still attached to the soil. The Russian industrial specialist, Tugan-Baranovsky, notes four stages of divorcing peasants from the soil to create the proletariat class. Even in 1900, when there were three million wage-earners of the proletariat, the worker could always return to his village and get land. With the encouragement of individual landholdings under the Stolypin reform, it became more difficult to obtain land upon return to the village. In this way the Stolypin reform helped develop the class consciousness of the rock-bottom proletariat.

There was a woeful lack of labor legislation. Even after the emancipation, workers were not considered to have any particular rights, except to be fed on minimum rations in order to get the work done. Hours of labor were fifteen to sixteen a day. The law of 1897 limited the working day to eleven and one half hours, but this was not respected. Wages ranged from \$70 to \$170 a year. Russian workers were just as hungry as Russian peasants. Often the wages had to be taken in goods from the factory store. It is true

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that these low monetary wages were sometimes offset by free housing, factory hospitals, recreation grounds, day nurseries, etc., but the shining examples of such factories only emphasized the dismal picture in factories where the workers had to sleep alongside the machines.

Russian industry developed a savage discipline. There was a system of fines for delinquencies. Before 1905 labor unions were forbidden, except a few under government tutelage. Strikes were criminal. Nevertheless strikes were frequent, and violent. Another familiar picture in Russia was the labor disorder, and the Cossacks clearing the streets with sabers drawn. By siding with the factory-owners, the government was sowing for the whirlwind.

The Russian factory-owners tended to concentrate into a number of big enterprises, and to combine into syndicates to regulate output and fix prices, making monopolies. These plutocrats, the upper layer of the bourgeoisie, were not very numerous, but mere mention of them today is enough to send the old Russian worker into frenzies of hatred.

### STATE-CONTROLLED ECONOMICS

Not only was this large-scale industry under the tutelage of the state, but also much of the



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rest of economic life. In 1889 the state controlled 23 per cent of the railroads; in 1900, 60 per cent. In order to finance the industrial development and railway construction the government was forced to maintain a favorable balance of trade, that is, an excess of exports over imports. Agriculture had to feed the country, and maintain this export surplus. Grain amounted to 48 per cent of the export. Russian grain, being poorly cleaned and sorted, sold for less in the London market than other grains. And the peasant was forced by taxation, which fell due immediately after the harvest, to sell his grain at prices which met the world competition. Russia was even then being industrialized at the cost of underconsumption at home.

The hand of the state was heaviest, however, in finance. In 1897 the State Bank became a Bankers' Bank, feeding credit institutions. The Minister of Finance thus assumed tremendous power over the economic life, and diverted funds to industrial schemes under the management of friends. This led to state control over big industries. The state became the chief money-lender, and aided industry to the detriment of agriculture.

By the Monetary Reform of 1897, Russia was transferred from a silver to a gold basis, with a

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fifty per cent cover of gold. But Russia did not possess the necessary gold, which had to come from abroad from the export surplus and foreign investment. To obtain gold huge quantities of grain were often thrown on the market, lowering the price to the great disadvantage of the peasant. The gold standard thus became a white elephant. And the cry was: 'We export not the surplus, but the necessary.' All this has a familiar ring now in view of the so-called Soviet dumping.

The foreign investment in Russia in 1914 amounted to 2243 million rubles, over half of which was in mining and metallurgy. The French controlled three fourths of Russia's production of coal and pig iron. According to Pasvolsky and Moulton, Russia's pre-war debt, public and private, incurred for economic and military purposes, amounted to 7142 million rubles. The war borrowings added 6681 million, to make a total of 13,823 million rubles gold. The total interest charges on this sum would be 720 million gold rubles a year, or about 360 million dollars.

With a foreign debt of 7 billion dollars it is hard to see how the tsarist régime could ever have recovered in this generation, even if it had acquired Constantinople, even if there had been no revolution. The country would probably have been mortgaged to foreign banks. The state was

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the economic overlord even before the war; the state controlled banking, industry, the railroads, the mercantile fleet, and much of the trade. It attempted to solve the population-production problem, and to transform Russia by industrialization financed from abroad. It failed. The difficulties were too enormous for the autocracy. The Soviets have the same problem. Their methods are different. And they are forced to do without foreign loans. How they are trying to do it without foreign loans is the subject of later chapters.

## CHAPTER IV

### *Native and Imported Revolution*

FROM what we often read we might conclude that new ideas burst like a flood on Russia in 1917, that certain Bolshevik leaders came in a sealed train and started the world's greatest revolution merely with the persuasion of German gold and magic words. That would leave out of account the tradition of revolution in Russia itself.

The Russian people, long suffering though they were, occasionally flashed into revolt. The Cossacks were always turbulent. The Stenka Razin revolt, in the seventeenth century, was one. The peasants still sing of Stenka Razin, because, according to the legend, he took from the rich and gave to the poor. The Pugachev affair under Catherine was unparalleled in ferocity, even for Russia. Pugachev masqueraded as Peter III come to life — another case of the False Dmitri pretenders to the throne who appear periodically in Russian history. Even today peasants in certain sections do not believe that the Romanovs are dead.

But there was no continuous thread of revolt until the nineteenth century. The Decembrists,

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so-called because the outbreak occurred in December, 1825, were aristocratic young officers who had picked up ideas of freedom while campaigning against Napoleon. We have several of their projects for constitutions. The Nikita Murav'ev constitution was for a limited monarchy, based on the United States, which would have made Russia a federation of thirteen states. Colonel Pestel, the real leader, is now called a 'socialist before socialism.' He had a copy of the American Constitution. George Washington was his hero. He proposed to destroy the aristocracy, liberate the peasants, and endow them with communal property. While the country was being educated to democracy he proposed a dictatorship for ten years to effect the transition. The Decembrists thought out in 1825 the lines the revolution eventually took in Russia. I bring this out as only one instance in showing that the Soviet system has grown out of the people of Russia, and the land of Russia, as well as out of the doctrines of Marx. Five of the Decembrists were executed, and the rest exiled to Siberia. Their aristocratic names are revered today by Soviet school children.

To trace the gathering of the revolutionary forces we should have to bring in Pushkin, Lermontov, Gogol, Turgenev, Dostoevski, and

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Tolstoi, the great masters of literature, who kept up an indirect attack on the autocracy by photographing the iron age of reaction. We should have to note the early Westernizers (the Zapadniki), Bielinski, and Alexander Herzen, who poured devastating pamphlets into Russia from London, and did more than any one man to prepare the way for smashing the autocracy.

But Nihilism is the only movement which has interest for us now. The name Nihilism was supplied by Turgenev. The gospel of the movement was written by Cheryushevski in his book, 'What Is To Be Done?' Nihilism was popular among students, who believed that Russia's humiliation of the Crimean War was due to her backwardness, especially her religion and ignorance. They proposed to substitute science for religion, collective property for private property, free love for family restrictions, and a government of federated communes for the autocracy. They were atheists and realists. Their positivism they took from Comte, as do many of the leading Bolsheviks. They campaigned against conventions, the same guideposts which the Communist youth of today call bourgeois morality. Above all they desired new life, and new humanity. Now, this was in Russia long before Lenin and the Communist Party were heard of. If any one

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believes the Communist youth are today doing unheard of things, let him go to the records and he will find that the Nihilists did them sixty and seventy years ago.

The peculiarity of this revolutionary movement native to Russia was that chief reliance was placed on the peasant, and on the mir, to work out economic salvation. Over a long period all the efforts were directed toward converting the peasants to socialism, the V Narod movement, the Narodnaya Volya, etc., which culminated in 1901 in the formation of the Social Revolutionary, or Peasants' Party, which was largely responsible for the acts of terrorism even down to 1918. That was the home brand of revolution.

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The Communists are comparatively recent in the apostolic succession of social reformers. Where did they get their ideology? Other than the general inheritance of socialist thinking we note three fountain heads of Communist thought, Babeuf and the Conspiracy of Equals of the French revolution, the Paris Commune, 1871, and the scientific socialism of Marx and Engels. All three assume new importance in the light of what has happened since 1917.

Babeuf wanted to get back to the proletarian

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control as it existed before 1793, that is, before the Thermidor reaction which resulted in the execution of Robespierre and the restoration of bourgeois control. In recent years, the cry of Thermidor has often been heard in Moscow, connected with the predicted fall of Stalin and the expected swing to the right. Babeuf and the Conspiracy of Equals proposed nationalization of property by abolishing inheritance, limitation of political rights to workers, a state planning commission, and dictatorship of the proletariat during the transition from capitalism to socialism, fifty years before Marx, and one hundred and twenty years before Lenin.

The spotlight has also been turned on the Paris Commune, 1871, because it is now realized how much the Bolsheviks use it as a model. The Paris Commune was the first proletarian government of the world. During its two months of existence it abolished the standing army, introduced universal suffrage with the delegates subject to immediate recall, kept salaries of public officials down to the level of workers' wages, and established other precedents which are duplicated in Russia today. Lenin and others drew their lessons in revolutionary tactics from the Paris Commune, the main one being that the Commune took only halfway measures. It re-



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fused to seize the Banque de France, it refused to march on the government at Versailles, it did not expropriate, it acted moderately. The Bolsheviks had pondered long on the failure of the Paris Commune. When they swung into action in 1917, they seldom erred on the side of moderation.

Now we come to Marx. There are many obvious objections to his doctrines. But whether we like it or not, 'Das Kapital' has been in view of world events perhaps the most influential piece of writing ever produced by one man. Professor Seligman, a learned defender of capitalism, assures us that 'with the exception of Ricardo there has been no more original, no more powerful, and no more acute intellect in the entire history of economic science' than Marx. Every intelligent Bolshevik knows his Marx. Lenin seemed to know 'Das Kapital' by rote, judging from the quotations he flung off from the haystack in Finland where he was hid in 1917. Revisionists have qualified Marx. Others have riddled Marx to their own satisfaction. But for us the point is that the Communist Party which rules Russia believes absolutely in Marx, with the distinction that Leninism is Marxism of the imperialistic era. Soviet Russia is ruled in the Marxian principles. To approach Soviet Russia without Marx would

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be like studying the Christian religion without the Bible. The simile is not strange, for militant materialism acts as a religion in Russia today.

There are two Marxian concepts which we must have clear in order to come to grips with Quantity *X* in the Soviet system. The first concept is sociological, the economic interpretation of history, and its corollary of the continuous class struggle. The second is economic, the theory of surplus value.

We should, in passing, recall the Hegelian dialectic. Hegel depicted the law of progress as change through the struggle of opposing elements, and the evolution therefrom into a new and higher element. First there is the positive, which he called the thesis. This creates a negative, or contradiction, the source of movement and life, which he called the antithesis. These two destroy each other, and form the synthesis, which in turn becomes a positive, only to create a negative, and so on up as man progresses toward his destiny.

Marx took over this dialectic, and thereafter could think only in terms of contradictions. He made his positive, or thesis, private property. He made his negative, or antithesis, the proletariat. As a result of the conflict between the rising proletariat and private property there must emerge the synthesis, a new order of society,

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a result of the destruction of both private property and the proletariat.

This is the formula of revolution. It was first expressed in the Communist Manifesto, written by Marx in 1847, which reviewed the continuous class struggle, and gave the working class a philosophy and a mission. The last sentences of the Communist Manifesto still ring in the halls of Moscow, 'The proletariat have nothing to lose but their chains. They have a world to gain.' And the final words are the first words to meet the visitor entering Russia, on the arch at the frontier. That slogan, 'Proletariat of All Countries, Unite,' is the 'masthead' of newspapers, such as the *Pravda* and the *Isvestia*; it appears on banners in Soviet demonstrations, and anywhere else it can be placed to catch the eye.

The economic interpretation of history is simply that the modes of production and exchange have determined the evolution of society. Marx did not exclude other factors, in spite of what critics say, but he made the economic the dominant factor. This 'scientific socialism' is what gives the Bolsheviks their conscious righteousness, the fanatic faith in the inevitable logic of their system, when they say that history is with them, time is with them, that capitalists are their own grave-diggers, and that socialism

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must come with the relentless logic of social evolutionary law.

Marx's theory of class struggle was this: The institution of private property destroyed primitive communism, after which there was slavery, exploitation, and division of society into classes of owners and non-owners, so that antagonisms were aroused which broke up the Roman Empire and led to the Dark Ages. Then the feudal system evolved out of chaos, and new classes were formed, with the nobility at the top along with the clergy, a few townspeople and free tenure holders in the middle, and the great mass bound to the glebe as serfs at the bottom. The class struggle flared up again, until the bourgeoisie broke the power of the nobles, after which there ensued the modern era of commercialism, capitalism, with its so-called wage slavery.

Under capitalism the class struggle goes on. Marx predicted that the middle class would sink into the proletariat, and disappear. Then the dialectic swings into action, the proletariat gets organized as the antithesis, marches on private property, the thesis in the form of the capitalist class, smashes the system, and after a period of transition and reconstruction ushers in the collective era, organizes industry on a basis of common ownership and public management, establishes

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equality of distribution, so that capitalism will be destroyed, classes will be abolished, as there will be only one class and all of them producers, with a slogan of 'He who does not work shall not eat.'

Now, it is perfectly apparent that the American middle class has not disappeared, but is getting stronger. The hard-and-fast class divisions described by Marx do not fit American society. Employees of capitalist owners, managers, foremen, and even workmen, tend to become capitalists, and trade in stocks. Furthermore, there is a tendency toward widely dispersed ownership in America, such as in the shares of the American Telephone and Telegraph Company. It is possible to cite many instances of capitalists sharing ownership with employees, and to show that the capitalists, instead of digging their own graves, are reading the signs of the times and making shift to solve the labor problems by turning workers into small capitalists.

But such instances in American life are neither general nor typical. And what we are primarily concerned with is what the Communist Party in Russia believes. It believes that the present struggle between the bourgeoisie and the proletariat will be the last one, that when the proletariat smashes the old order it will rule during a

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transition period, until the class lines are abolished, after which there will be no exploitation because there are no classes, and man will be free. The historic mission of the proletariat is thus conceived on a grand scale, to free all mankind. Such is the true faith in Moscow.

The Russian word for struggle is *bor'ba*. That word dots the pages of the Soviet newspapers. It can be heard every few minutes in most public speeches, or from the radio loud-speakers in the city squares. It is *bor'ba* against this, *bor'ba* against that; all of life is *bor'ba* in Russia.

Marx's theory of labor power as a commodity goes back to Ricardo's iron law of wages. Marx tried to prove that the proletariat creates all the commodities and values, whereas the capitalists live on the surplus value which they have stolen from the creators of value. Surplus value is the difference in value between what the laborers create and what they receive as wages. As an example, let us say a laborer can produce in four hours the necessities for himself and his family, expressed in the form of \$3. If he worked four hours a day for \$3, there would be no surplus value. But in buying labor power the capitalist employer treats it as any other commodity, and makes the laborer work eight, ten, or more hours a day. The theory is that during four hours the

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laborer is putting in 'necessary labor time,' enough for subsistence wages. During the rest of the day he is putting in 'surplus labor time,' creating surplus value for the employer. He creates all told, say \$6 or \$8, but he receives only \$3. The rest is the employer's gross profit, which is divided into rent, interest, and net profit.

This theory of surplus value is the crux of Marxism. And that is what the Soviets mean by exploitation of labor. It leaves out factors which we consider important, such as managerial skill. According to its constitution, Soviet Russia is dedicated to the abolition of all exploitation of man by man. The constitution, however, is eloquently silent on exploitation of man by the State.

### HOW THE REVOLUTION CAME

These two volcanoes of revolutionary thought, the Russian or peasant, and the imported or proletarian, both dominated by intellectuals, were smoking hot at the turn of the century. Marxism became organized when the Social Democratic Labor Party was formed in 1898, the party which five years later, in London, split into the Bolsheviks, who favored violent methods, and the Mensheviks, who were content with evolution by legislation. The volcanoes burst

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into flames in the 1905 Revolution, when the autocracy was shaken by the ghastly mistake of the Japanese War.

It is interesting, what that 1905 Revolution did to the autocracy. The fundamental law of 1832 reads: 'The tsar of all Russia is an autocratic and absolute monarch. God Himself commands us to obey the tsar's supreme authority, not from fear alone, but as a point of conscience.' The fundamental law was altered, May, 1906, to read: 'To the tsar of all Russia appertains supreme autocratic authority. God Himself commands us to obey, etc.' It took seventy-four years to get the word absolute, as applied to the tsar, out of the fundamental law. The word autocrat remained, and with it the cæsaro-papism of the tsar.

The autocracy granted a constitution, providing for a Duma of consultative, but not legislative, rights. When the first two Dumas proved hostile, the autocracy simply changed the electoral law by fiat, in violation of the constitution it had granted, and packed the Duma with conservative members. This new electoral law, based on the Prussian three-class system, permitted one elector for 230 gentry, one for 60,000 peasants, and one for 125,000 workmen, with various other scales in between. The Soviet elec-



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toral law, as we shall see, is just as unbalanced, but in exactly the reverse sense.

The Bolsheviks at first boycotted the Duma. One story is that the Bolshevik leaders met in a deserted country house in Finland to decide whether or not they would coöperate with the Duma. The majority seemed in favor. Stalin opposed. Just before the vote was taken, Stalin disappeared. Presently two pistol shots were heard. Some one cried, 'Police!' The meeting exploded without a vote. Stalin was behind the stable, cleaning his gun. He is still master of the political science of steering by indirection.

Now, the chief lesson for America to be gained from Russia's experience is that economic pressure from below burst through the lid of the autocracy. That same economic pressure we meet again in Soviet problems. In attempting to industrialize the country, the tsarist régime grafted industrialism on a medieval society. The autocracy wanted industrialism without social change, which was impossible. The state economic control served to prevent the social change which was a necessary corollary of economic change. This fact was all the more important in that Russian society was overweighted in the lower strata. It was mostly lower strata, with a thin veneer for a top. Russia rotted at the top.

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The treachery at court, the Rasputins and Sokhomlimovs, the inefficiency and corruption, and other dark 'forces' which are not identified in the records, brought the country to her knees before Germany. The autocracy could not solve the economic problems, it could not win the war, it could not reform itself.

The real Russia came out in the March Revolution, but the provisional government could not solve these problems either. We are told that Kornilov torpedoed the provisional government. As a matter of fact, the liberal revolution, even though served by such fine minds as Miliukov's, was scuttled from above by the vested capital interests. It was they who prevented a settlement of the land question, the labor question, and most of the other pressing questions except that of continuing the war. They were the consciously righteous. They were blind to the handwriting on the wall. The doctrinaire liberals of the provisional government were caught between the upper grindstone of vested interests and the lower grindstone of the proletariat and peasantry. They were too liberal to put through the governmental economic control which might have saved them. Their fate touches us all. The capitalists on the right have money, which is power. Labor, on the left, has numerical superiority and organi-

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zation, which is power. The intellectuals in the middle of the road have only ideas with which to fight for moderation. Ideas avail not much, unless backed by power.

The Bolsheviks really had an easy time in seizing power. All they had to do was to promise the people what they wanted. 'Land to those who till it; factory control to the workers; and immediate peace.'

In keeping our American point of view we must not use our own criteria in examining Soviet conditions, but the criteria of things to which the Russian people have been accustomed. The 'little brothers' never did have many of the *et ceteras* of life. Whether or not they would have more under any other form of government than the existing one is a matter of sheer speculation.

Russia is attempting to go from autocracy to socialism without passing through the stage of parliamentary democracy. The facts in these last two chapters we need, not only to understand the length of that jump, but also to refute those among us, who, in zeal for some cause, assume that America in 1931 is as full of dynamite as was Russia in 1917.

Many of the theories and practices in Russia today proceed from ideas which have existed or have been fermenting and bubbling below the

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surface for the past century. This complicates the picture. A whole people might be smashed, but it cannot very well be overthrown. So when there is talk about overthrowing the Bolsheviks, we should have a working notion of the difference between what is Bolshevik and what is just Russia. For that we must have new measuring rods.

## CHAPTER V

### *Political Control*

To prevent the Russian economic pressure from below, which sealed the doom of the autocracy, from endangering their own plans, the Communists have built up a system of political control new to statecraft.

Capitalism, in the Communist definition, is a system based on private ownership, characterized by commodity production for market, which permits monopoly ownership of the means of production and distribution by a small wealthy group, and exploitation of labor, which through the wage system robs labor of its self-created value, and degrades the working strength of man.

According to the Kremlin doctrine, capitalism, as an economic mode, is becoming obsolete, unfit for the changing needs of an increasingly populous and industrialized world, and must eventually follow the outworn systems of feudalism and slavery into the scrapbag of history. It is believed that capitalism must shake itself to pieces by reason of its internal contradictions; first, the division of society into two classes; and second, the anarchy of production.

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We have already touched upon the class divisions, the exploitation of labor, and the theory of surplus value. With the money power thus acquired, capitalists are supposed to entrench their class in positions of command, so that the state, the army, the police, the legislature, etc., function to preserve that position. Opportunities for education, training, and other means to rise in station are in the main denied to wage-earners. One class is kept up by keeping the other down. As the gulf widens, the inevitable class struggle flares out in recurrent labor strikes, and finally in revolution.

The second charge against capitalism, anarchy of production, is the logical result of *laissez-faire* economics. Productive units operate independently, with little or no central control, and no guidance but the desire for profits. Lack of planned control fosters destructive parallelism, hence market competition, crises of overproduction, economic imperialism, and wars.

So much for the indictment of capitalism. Now for the Communist remedies.

To correct the evil of classes they propose a classless society, in which there are to be no private accumulations, but which permits the economic surpluses to be applied to increase the real rewards to labor, shorten the working day,

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and raise the cultural level of the common man.

To correct the evil of anarchy of production they propose an organized society free from competition, free from crises and wars, based on a socialized economy of unified plan and control which coördinates all branches of production and distribution in a general scheme of industrialization.

We must reason through this revolutionary philosophy of the Communists. They claim to be working for the prosperity of *society as a whole*. And they claim many advantages for their proposed methods of attaining and maintaining prosperity. The first is that the human energy now absorbed by the class conflict, the strikes, revolts, police activities, law courts, etc., will be liberated for production. The second is that the wastes of competition, crises, and wars will be avoided. And the third, that a general plan of economy will eliminate waste in production, and permit superscale production, which is more economical, and permit technical advance at a rate impossible under the planless capitalistic system.

This never-never land of Communism is predicated on an economy of abundance, with an uninterrupted flow of goods through the channels of planned production, and with the motto:

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‘From each according to his ability, to each according to his need.’ Labor is to cease being the means to support life, and become the first necessity of life. The opposition between mental and manual labor is to disappear. It is supposed that parasitism will disappear, and that crime will cease. Man will be required to spend less time on material provision for himself, and more on his mental development, so that human culture will rise to unprecedented heights as collective man moves farther and farther away from his brutal past under capitalism.

Of course, men have talked of Communism for thousands of years. Plato is blamed for starting the mode. But even before him were the prophets of Israel. Just when such a society can be achieved not even Lenin presumed to know. Poor old humanity will probably never get there. The way thither is said to be through socialism. But the necessary overflowing abundance will not arrive with socialism. So socialistic economy must be founded not on abundance, but on scarcity. Socialism will habituate the people to social ownership, and to plan discipline — that is, submission to the general plan of collectivism.

Now, socialism, though not so distant, cannot be attained overnight. There must ensue the years of socialistic transformation, during which



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capitalism is rooted out, class lines obliterated, economic life socialized, and socialistic institutions created and developed under the dictatorship of the proletariat. This is the reality to-day, the so-called transition period during which Russia is in the process of becoming socialistic.

### THE SOVIET STATE

Having the purpose clearly in our minds we now turn to the apparatus devised to effect this transition, so we will know something about the socialistic institutions with which we have to deal. This involves a political and economic control which has no parallel in history.

What is the workers' state? In line with pure Marxian doctrine of class antagonism, the state is considered the organ of oppression of one class by another. Officials rule society in the interests of the politically dominant class. When classes are abolished, the state becomes superfluous and has no function. In the words of Engels the state must 'wither away' and be stored in the museum with the spinning wheel and bronze axe. We cannot get a clear picture of that far-off administration of Communist society. According to Bukharin, it will consist mostly of bookkeepers and statisticians. But during the transition period the proletariat must use the state as a technical

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instrument to attain the revolutionary ends in view.

In practice, this dictatorship of the proletariat, far from being transitional, seems to be crystalizing the workers' state. Lenin defined the dictatorship of the proletariat as 'unlimited, not limited by any law, by any absolute rule — a power which rests directly on violence.' Again, he writes, 'the economic interest of the dominant class is the active force and fundamental law of the state.' Hence arises an enormous contradiction between the ideology which proclaims the disappearance of the state and the practice of ruling power, between the idea of government by the producers and political domination over economic life. The largest economic enterprise known to history is also a political institution, a state in business, which is the main cause for conflict in its international relations.

Now, the first characteristic to notice about this proletarian state is the non-separation of executive and legislative powers. Separation of executive and legislative powers might jeopardize the dictatorship of the proletariat.

A second characteristic is negation of individual rights. Political rights are denied to a whole class, and special rights granted to another whole class. Article 23, Constitution of RSFSR, pro-

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vides: 'Guided by the interests of the working class as a whole, the RSFSR deprives individuals or separate groups of any privileges which they may use to the detriment of the socialist revolution.' An individual may be deprived of civil rights simply because of his class origin, or of his activities before the revolution. The constitution thus makes the proletarian class and the state identical, with unlimited power. It is not concerned with the rights of citizens, but with the rights of a class, which is the state.

Under this class-limited oligarchy only producers may be Soviet citizens. These are divided into four economic categories: the proletariat, or manual laborers and poor peasants; middle-class peasants; toiling intelligentsia, employees; and lastly the capitalistic elements, private traders and *kulaks*. They are divided into two political groups: first, members of the Communist Party and Communist Youth, roughly 3 per cent of the population; and second, non-members, 97 per cent.

The right to vote and to be elected to the soviets is granted to all citizens who gain their livelihood by productive work useful to society, and to members of the defense forces. Those excluded from electoral rights are persons employing labor for profit, those living on income not

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derived from their own labor, private traders, clergymen of all denominations, former police, the insane and imbecile, and persons convicted of infamous or mercenary crime. This makes a large class of non-citizens.

Tsarist Russia was a unitary state with unitary legislative powers, granting no autonomy to the numerous nationalities of the empire. By contrast, the Soviet Union is a federation of seven soviet socialist republics, differing greatly in size and economic resource, RSFSR (Russia proper and Siberia), the Ukraine, White Russia, Trans-Caucasus, Uzbekistan, Turkmenistan, and Tadzhikistan. In the absence of express provision these federated republics are legislatively autonomous. In general, the principles of private law are laid down by the federal government; civil matters are left to the republics. But legislation for the whole Union is uniform because of the centrally controlled Communist Party. According to the constitution, any republic has the right of free withdrawal from the Union. This is considered one of the jokers. In tsarist days cohesion was attained by common allegiance to the crown, and by the church; it is now attained by the Communist Party, and by the fact that the skilled workers and so-called vanguard of the proletariat in the various regions of the nation-

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alities are predominantly Great Russians who migrated from the center.

A cardinal policy of the Soviets is cultural autonomy within federation. This is of tremendous importance when we consider Soviet expansion to the East, and the general means by which Moscow expects to effect an economic federation of the world simply by admitting new members to the Union. The four largest republics are organized internally on the federal principle so as to give the separate nationalities opportunity for independent cultural development. Within the RSFSR there are eleven autonomous republics, such as the Bashkir Republic, the Buriat-Mongol, the Dagestan, the Crimean, the Tartar Republics, etc. And there are thirteen autonomous regions. Within these areas there is now going on an administrative reorganization to reduce the burdens of the central government, and to make the divisions correspond to economic and nationalistic lines. The whole map is being changed, the *gubernia* or provincial lines abolished, and new regions, or *oblasts*, established.

### GOVERNMENT SET-UP

The government of Soviet Russia is something new to political science. It is in the form of a

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pyramid which rests on town and village soviets, and is stepped up through successively higher bodies, the *rayon*, the *oblast*, the republic soviets, to the All-Union Congress of Soviets in which supreme power is theoretically vested. This Congress meets for two weeks every two years, if not postponed. Representation is occupational and regional. Delegates to higher bodies are subject to immediate recall. And elections, conducted only after publishing a list of those barred from voting, are on a strict class basis. The method of voting is by showing of hands. Secret balloting and dictatorship are not on speaking terms with each other. There is one deputy for every 25,000 electors in the cities, and one for every 125,000 of the rural population, which gives the towns roughly five times more representative power than the villages.

The All-Union Congress elects a Central Executive Committee, the Tsik, made up of a Union Council of 451 members, representative of the whole population as is our House of Representatives, and a Council of Nationalities of 131 members, representing the nationalities as our Senate does the constituent states of America. This Central Executive Committee meets four times a year, has full executive and legislative power and control of the budget. In between its ses-

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sions the Central Executive Committee entrusts control to its presidium of 27 members.

The administrative organ of the Central Executive Committee, likewise endowed with executive and legislative power, is the Council of People Commissars, the cabinet of state which is the nominal ruler of the Soviet Union. The commissariats correspond roughly to our departments in Washington.

The All-Union government machine is, in general outline, duplicated in the federated republics. Some commissariats are exclusively All-Union, Foreign Affairs, War and Navy, Transport, Post and Telegraph. Some exist both at the center and in the republics, the Supreme Economic Councils, Domestic Trade, Finance, Labor, Workers-Peasants Inspection. And some are peculiar to the republics, Justice, the Interior, Education, Health, etc.

This pyramidal form of government of federations within federation, something quite distinct from the parliamentary form, is devised to concentrate control in the hands of the proletariat class and the Communist Party.

### COMMUNIST PARTY SET-UP

The revolution of October, 1917, was carried through by the left wing of the Russian Work-

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men's Social Democratic Party, the Bolsheviks, with the assistance of the left wing Social Revolutionaries, the Peasants' Party. During the early months other parties were permitted.

In 1918, the Bolsheviks dropped the name of Social Democrats and became the Russian Communist Party. Other socialist groups were excluded from the government. The Communist Party assumed a 'monopoly of legality.'<sup>1</sup> No other party is allowed to exist.

The party organization is based on town, factory, or village units called cells. A cell must have at least three members, and be organized with a bureau and a secretary. From the cells the party organization steps up also in pyramidal form through successive higher committees, on the principle of election from below with approval or outright designation from above, on up to the All-Union Party Congress, the supreme organ.

This Party Congress is supposed to be convoked every year, but that seems to be only a theory. In the interval between congresses the entire work is carried on by a Central Committee of 71 members (not to be confused with the Central Executive Committee of the govern-

<sup>1</sup> The most authoritative treatment of this subject in English is to be found in *Civic Training in Soviet Russia*, by Professor Samuel N. Harper, University of Chicago.



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ment). Once in the interval between congresses there is held an All-Union Party Conference of representatives of local party units.

The Central Committee convenes once every two months. In the interval authority is vested in the Politbureau for political work, an Orgbureau for organization, and a secretariat. The Politbureau, now consisting of twelve men, is the ruling power of Russia. The Party Congress also elects a Central Control Commission. This last is the party cleanser which carries out the periodic *chistka*, or expulsion of members who oppose the party line or whose ardors have cooled. From January 1, 1928, to April 1, 1930, some 170,000 were expelled. The general effort has been to weed out the intelligentsia and increase the percentage of workers. Of the million and a half party members in 1930, 68.2 per cent were workers, 18.8 per cent peasants, and 12.2 per cent employees.

There are a few features of the Communist Party which we should note. First there is the absolute unity. Factionalism is strictly forbidden. Such a faction was the Left Opposition, Trotsky, Zinoviev, Radek, Rakovsky, who had a big following. One hundred were expelled in December, 1927, and many more later. This Left Opposition favored faster industrialization, mak-

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ing agriculture bear even more of the load, and sacrificing even more immediate welfare for long-haul projects. Most of all they favored working for world revolution before establishing socialism in Russia. Stalin defeated them, and then adopted much of their program.

In 1928 there developed a strong Right Opposition, headed by Rykov, Bukharin, and Tomsky, who wished to slacken the tempo, give more attention to welfare and consumers' goods, and to lessen the load on the peasants. All three leaders have been since chastised and deprived of office.

The point about factionalism is that there is complete freedom for discussion of all controversial questions within the party until a decision is reached. After the vote is taken, a party member opposes the decision of the majority at the risk of expulsion. If the opposer is high in party councils, he is hurled from the heights like Lucifer.

Then there is the so-called democratic centralism — that is, the subordination of each unit to the next higher unit in the hierarchy. Control is thus made constant.

But what most astonishes foreigners is the iron discipline. A party member must accept assignment, no matter where it takes him in Russia or

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abroad, and carry out his mission with fire and zeal. This discipline is enforced by penalties from censure up to expulsion and the loss of government post, which is equivalent now to forced hunger. Among the grounds for discipline are habitual drunkenness, abuse of the laws on marriage and divorce, even bullying or domineering methods. When Communists are found guilty of corruption, they are punished much more severely than others, which is consistent with the Soviet idea of justice that there must be a gradation of severity for the same crime commensurate with the culprit's conscious responsibility.

A Communist is forbidden to hire labor for profit or to engage in trade. He is forbidden to associate too closely with the bourgeoisie, hence with foreigners. It is as difficult to see a high Communist as it was the tsar. He must not marry a person from another class. He must dress like the proletariat, and live like the proletariat, so there will not grow up a class of Communist nobility. In general he must live an orderly life, avoiding excess, and devoting his entire energy to the revolution.

On the positive side he must give a minimum of public service and promote civic virtue. A Communist must be an atheist, but not neces-

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sarily a militant atheist. He must pay party dues, ranging from one half of one per cent to three per cent of his monthly wages, and loses membership if he lets three months go by without paying. If a Communist's government post pays more than 225 rubles a month in the cities, he must turn the surplus over to the party treasury. A writer gives a certain percentage of his surplus earnings.

### THE COMMUNIST YOUTH

This party perpetuates itself by coöption and keeps the candidates on probation for six months to two years, according to their social origin. The old guard of Communists are what they are because of fanatic devotion to principle. Many of them are sick men, who rotted in Siberian prisons, or lived in squalor in foreign exile, the slums of European cities.

Now, it is one thing to be fanatic in hatred of capitalism, backed up by a life of suffering. It is quite another to hate capitalism as a result of civic training. Therefore, the Communist Youth, known as *Komsomols*, are very interesting to us. We do not know which way these Komsomols will go when they become the majority, when the old Bolsheviks have passed on, or have been shorn of their power. In one way, Stalin's

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triumph over the two oppositions, both composed of old Bolsheviks, is explained by his alliance with the Communist Youth. At present the young Communists are politically farther left than their elders. Whether this is due to conviction, or mostly to youthful adventure, one cannot tell. But they are the people to watch.

This young guard has close to three million members, and some 70,000 cells. Its discipline is almost as strict as that of the party, with even greater emphasis on study and political training. The Komsomols have civic duties too numerous to mention. They form the shock brigades in putting through particular policies of the party. If the transport is tied up, the Komsomols turn out in big numbers to unload the cars. They clean up the cities. In 1927 the government was unable to handle the *bezprisornik*, or homeless children, who swarmed the streets stealing everything movable. The Komsomols were ordered out, and within three days there was not a waif to be seen. When the foreign visitors came for the tenth anniversary of the revolution, the *bezprisorniks* were tucked away in monasteries and correction homes.

At present, one fourth of the party members are former Komsomols. In recent years one third of the admissions to the party have been from the

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young guard. Through Stalin they are reaching up for control. When they gain that control, Russia will be ruled by people who have never known the tsarist régime, and who will have little or no first-hand knowledge of capitalism in its actual form.

The age-limit for Komsomols is fourteen to twenty-three. The next younger group are the Pioneers, from ten to sixteen, about two million of them organized into brigades, also pursuing civic virtue. Even the infants up to ten are organized, and called the Little Octobrists. Each organization has its rules, all proceeding from the general principles of Communist training. The party trains the Komsomols, they the Pioneers, and the Pioneers train the little tots.

The general result is a growing mass of youth, trained in politics, economics and social welfare, and trained to be useful to society and the interests of the proletarian class. The younger groups also make a virtue of good manners.

It was Lenin who said: 'Give me four years to teach the children, and the seed I have sown shall never be uprooted.' These leaders of tomorrow in Russia are the product of Communist civic training. They represent power, disciplined power, obedient to the central will. No one can see the Komsomols in action, on parade, in their

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athletics, in preserving order, in stamping out hooliganism, without being impressed by their militant determination. They are being trained to conquer and to strike by collective action. What it bodes we do not know. But any one who denies its significance is hiding his head in the sand.

### INTERRELATION OF PARTY AND GOVERNMENT

The easiest way to get the picture of the interrelation between the Communist Party and the Soviet government is by imagining the pyramid of control. The body of the pyramid is society in general. The stages are the steps of the government, from the lowest soviets at the bottom to the All-Union Congress of Soviets at the top. Then imagine the surface of these steps laced by iron ribs, holding the steps and the pyramid itself in shape. Those ribs, which are all-inclusive, represent the Communist Party.

The resolutions adopted by the party are not laws. But party discipline demands that all members abide by them. As all the Peoples Commissars are at the same time members of the Central Committee of the party, the decisions of the latter are readily transmuted into governmental decrees. No orders, party to government, are needed. The party will is expressed in the

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form of directives, which lay down the general principles to be followed in enacting particular legislation, or in effecting policies. Other members of the Central Committee hold key posts in the government organization. At times a party decision starts the machinery of application without waiting for the technical legalization by governmental decree.

In general, policy originates in the Politbureau, and is made concrete in the Central Committee. The Politbureau is the real source of legislation, and has the power to annul the decisions of the constitutional or Soviet organs of authority.

This interrelation at the top exists also at every step in the pyramid, from the local soviet up. In every important governmental body there is what is called the party 'fraction' — that is, the employees, or elected members, who are likewise party members. When the All-Union Congress of Soviets meets at four in the afternoon, the 'fraction' will have met at eleven in the morning. The 'fraction' takes its orders from the party, and is thus the instrument of control. The 'fraction' is all-powerful within any institution, and its unfavorable report on the management is the signal for a *chistka*, or cleansing, in the name of the proletariat.

Actual sovereignty in Soviet Russia is not



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vested in the people, nor in the government, but in the party, the Central Committee and the Politbureau. There was a time when the secret police, the old Cheka, could flout high party commands. At present the will of the Politbureau is supreme; it is the will of the Kremlin.

### THE COMMUNIST INTERNATIONAL

The socialists, in accepting the Marxian theory of continuous class struggle, tend to make class solidarity transcend national ties. They believe that a worker, whether he be French, German, Russian, or Chinese, owes loyalty to the working class of the world, rather than to any national government. Workers of the world are expected to help each other bring about the desired social changes. International socialism thus cuts directly across the stream of nationalism. Nationalism chops up the world into vertical chunks. International socialism would chop it up into horizontal layers, really only two layers, the capitalists and the workers. According to Marx, the proletariat knows no fatherland.

The First International had a short existence, passing its declining days in the United States of America, 1872-76. The Second International became ineffective when the socialists of various countries turned nationalistic with the outbreak

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of the World War. The Third, the revolutionary, or Communist International, known as the *Comintern*, was organized in Moscow in 1919, and has been the nightmare of statesmen ever since. It likewise has a youth movement; the Communist Youth International, which is very active.

The object of the Comintern is world revolution, the 'creation of a world federation of soviet republics.' It is a fighting missionary organization, with strong centralized control. Of course, the Soviet government repudiates the Comintern, and refuses to accept responsibility for its acts. The answer to that is they are both creations of the same mind, the Russian Communist Party. They drink at the same spring. The Russians are numerically in the minority in the Comintern congresses and in its Executive Committee. But of the Communists of the world three fourths are in Russia; they pay three fourths of the dues. By the statutes of the Comintern the voting power of the delegates is in proportion to the numerical strength of the parties they represent. So Russians control the Comintern. The dual or triple personality of high Communists is interesting. Stalin, for instance, steps out of one office where he is secretary-general of the Russian Communist Party, into another where he is a member of the Executive Committee of the Comintern, and

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from there into still a third, where he is a member of the Council of Labor and Defense of the Soviet government. It is true, these offices have nothing to do with each other, but it is also possible that Stalin in one office might be acquainted with Stalin in another office, and even with Stalin in a third office, or Stalin on the street.

### SPIRIT OF SOVIET LAW

As an expression of the political control we should feel the spirit of Soviet law.<sup>1</sup> Now, of course, when socialism is achieved, classes are abolished, and every one is socially educated, the state will wither away and there will be no need for law. But during the transitional dictatorship there must be laws, laws which solidify that dictatorship.

The general legal purpose in Soviet Russia has been to transmute the economic interpretation of history into jurisprudence. To that end the constitution vests authority in the entire working class, thus a doctrine of class rights, not individual rights. The person is the whole class, in the collective sense. Lenin put it more bluntly: 'The Soviet state is nothing but a tool of the proletariat

<sup>1</sup> Taracous-Turacorzio, in charge of the Russian collection of the Harvard Law School, is preparing an interpretive study of Soviet law which should reveal much about the whole system.

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in its class struggle. A special oak cudgel, nothing more.'

The obvious effect of this credo is that the state transcends the law. The state is the instrument with which to attain the revolutionary end in view. That is why it is so difficult to come to grips with Russia legally. There is something beyond the law which legalizes the social morality of dictatorship, and legalizes injustice, something called revolutionary legality.

During Military Communism, when there was a legal vacuum, there was not much need for law. The basis of court decision was the revolutionary conscience of the judge. But with the country economically exhausted and devastated by civil war, the state had to call in individual initiative again in order to restore economic life. This led to the celebrated New Economic Policy of 1921, and marked the advent of the various law codes, the Civil Code, the Land Code, the Labor Code, the Marriage and Family Code, the Criminal Code, etc. In all of these the Communists have enshrined the economic interpretation of history. In all of them they have erected elaborate safeguards against the exploitation of man by man. But, as in the constitution, there is no safeguard against exploitation of man by the state.

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In order to restore economic relations as between individuals, the state had to give some kind of guarantee to property. By the decree of May 22, 1923, which has been called the magna carta of civil liberties, the state *bestowed* on citizens rights to hold property and to make contracts. This is quite different from law systems which we know. It implies that private legal capacity is not inherent in the individual, but merely enjoyed by him as a boon from the state. The individual has one function in a collective society, and that function is service to the class, or state.

This Civil Code, compiled in six weeks, and promulgated January 1, 1923, is an extremely interesting charter showing the relations between the workers' state and its citizens. Article I of the fundamental rules reads: 'Civil rights enjoy the protection of laws except in those cases in which they are sought to be realized in opposition to their social-economic designation.' This clause is strengthened by Article IV: '... civil capacity is bestowed for the development of the productive forces of the country.'

This provision is legalization of revolutionary exigency. He who does not work shall not eat. If a person does not work, he cannot be a citizen;

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hence the disenfranchisement of priests, private traders, etc. Under this law almost anybody might be accused of counter-revolution in that he might seek to realize his civil rights in opposition to their social-economic designation, which is to develop production. So the interests of an individual are valid only when they do not contradict the state's economic and social interests. The Russians have a word for it, *Sovietskaya Vlast*, Soviet Power. *Sovietskaya Vlast* is in the hotel, the restaurant, the tram, the theater, the railroad, the factory. Everywhere one goes, there is the state and its rights which must not be transgressed.

A feature of Soviet jurisprudence which is very troublesome to foreigners is the juridical person. Soviet economy is collectivistic. Articles 13 and 14 of the Civil Code define juridical persons as associations of persons or institutions, which may acquire property, incur obligations, sue or be sued. But more and more these juridical persons represent the state, and often partake of state sovereignty, an industrial trust, for instance.

Property has an interesting status. The Civil Code, in Article 58, does not define title, but establishes what is called the 'doctrine of economic use'; in other words, usufruct. Property

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in land, for instance, is not granted as a right; it is leased in usufruct, which lease the state may withdraw.

During the early years, the basis of court decision in criminal law was the revolutionary conscience of the judge. In laying down the principles for the enactment of criminal legislation by the republics, the central government issued Instructions. These are characterized by the following:

1. Punishment is not a revenge, but social protection.

2. Punishment must be corrective, medical, and pedagogical.

3. Inequality in application of the Criminal Code.

By Article 31 of the Instructions the court, at its discretion, may impose the highest measure of social protection if the crime has been committed by a person of the exploiting class. By Article 32, allowance should be made when the accused belongs to the proletariat.

The purpose is to make punishment fit, not the crime so much as the sense of responsibility which the accused should have. The usual criterium is social origin. That is, a person with a cultural background is more of a culprit, for the same crime, than an illiterate workman. The

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Soviet courts view criminals of the lower classes as victims of the past.

Now, what is crime? Article 6 declares: '... every act or lack of action which threatens the safety of the soviet order and régime is a criminal offense.' This is a sweeping designation of crime, because it is left to the public authorities to decide what is threatening to the safety of the soviet order. This would apply, for instance, to a manager of a factory who neglects his job. With us that would be inefficiency. Under the Soviet system neglect becomes a crime, because it prevents attainment of the revolutionary end in view.

Article 10 goes still farther afield in declaring that when the Criminal Code does not supply the exact provision to cover a particular type of crime, the court must impose punishment and social protection in accordance with the provisions of the Code which are closest to the crime from the point of view of its importance. The Soviet Criminal Code thus seems to dispose of the principle, *nullen crimen sine lege*, in the absence of law there is no crime, which is the very touchstone of our civil liberties. The touchstone in Soviet Russia is revolutionary legality of the class struggle.

As for penalties, first degree murder is punished



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by ten years' restriction of liberty. There is no capital punishment for criminal offenses against the safety of individuals. If a peasant kills his wife, he is withdrawn from circulation and educated. If he behaves, he is allowed to go home for three months a year to take in the harvest. There is no intervening penalty between ten years' restriction of liberty, and the highest social protection, which is death. However, about forty articles list the offenses endangering the class, hence the state, with one penalty, death. This turns our conceptions upside down. For murder, the penalty up to ten years; for theft or serious mistakes in the state's business, death. But we must remember that the Soviet state is extremely vulnerable because of its economic character, and also that in establishing class justice the Communists claim they are merely reversing the tenets of bourgeois justice.

In this system the courts, the peoples' courts, district courts, and the supreme court, are all organs of state authority. There is no jury; just a judge and two assistants. All three issue the decree of judgment. The judge is not only an administrator of justice; he is a politician defending the class interest, who may disregard even the laws when they conflict with his revolu-

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tionary honor. This has been called socialization of the law.

From the American point of view the Soviet system is based on legalized injustice. But we must keep our perspective. We see injustice of the present against the background of injustice in the past. Old Russian society had a thin veneer on the top. New Russian society has that thin veneer on the bottom. The old bottom has become the new top, but the great bulky body of Russia remains as it was and probably shall be.

The purpose of the huge political apparatus is to focus power. The towns dictate to the rural districts (industry to agriculture), the proletariat dictates to the towns, the Communist Party dictates to the proletariat, and the Central Committee and Politbureau dictate to the party as a whole, to the government, and to the country at large, making a pyramid of political control unparalleled in all history. Strict political control is considered necessary to solve the old population-production problem by industrialization. It is dedicated to the destruction of capitalism within Soviet Russia, the abolition of classes, and the replacement of the so-called anarchy of capitalistic production by a socialized economy of unified plan and control.

These principles have guided the Communist

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rulers in the creation and development of their system. Some of these principles are operative at present. Others are delayed in application by the unreadiness of the land and people. Theories are adjusted to hard practice by adaptations and expedients. But the principles remain orthodox. The expedients change; immediate objectives change. Tactics change. And the Soviet government has bowed now to economic pressure, now to ideological pressure. But the Communist Party never loses sight of its ultimate objective. The government goes zigzag; the party clings to the so-called 'Lenin line,' deviating now and then, only to come back to the main track when circumstances permit. This constancy of first principles must be kept in mind when considering the bewildering change in revolutionary expedients since 1928.

## CHAPTER VI

### *Socialization and Unity*

FOR reasons given in the preceding chapters the Soviet economic system has evolved under the compulsion of the two conflicting forces — the economic pressure of Russia's millions for ordinary necessities of life and employment, and the ideological pressure inherent in the efforts of the rulers to attain socialism. To these must be added the pressure of the outside, capitalistic world. This situation has given rise to an economic statecraft which, rightly understood, is the key to the government's zigzag policies.

Because of these pressures the Soviet system has developed with a certain amount of private capitalism always operating. Consequently the economic life of the country has flowed in two main streams:

A. The socialized sector — all economic enterprises operated by the state and coöperatives, in which direct control, initiative, and profits are reserved to governmental agencies.

B. The non-socialized, or private, sector — the individual operators in agriculture, industry, and trade, in which governmental control is indirect,

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and the initiative and profits belong to the individuals themselves.

Between the two is an intermediate field designated as state capitalism — the foreign concessions and mixed companies, in which there is a temporary partnership arrangement between the government and private operators.

This division has maintained to the present. The struggle between individualism and collectivism, which now confronts the world in general, has been constant in Russia since 1917. This struggle makes the drama of the revolution. For thirteen years that socialization process has been pounding constantly on the shell of individual initiative. It is a story of building power, of obtaining control through possession of the means of production, of achieving unity through coördination of the economic forces, and finally of subjecting the unified whole to a general plan and financial control, all presumably dedicated to lifting the prosperity of society as a whole by modernization and industrialization. This drama we may divide into three acts.

### MILITARY COMMUNISM

The first act was Military Communism, 1917–21. The Communist economic program, in general, is an attempt to omit the stage of mergers,

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consolidations, and private monopolies, now characteristic of capitalistic development. The Communists want to jump immediately to government monopoly of production and distribution toward which they believe the entire world is drifting.

Under Military Communism they attempted to apply their principles in full force. Ideology was uppermost. But the country was economically and politically in chaos. Socialism could not be grafted on to bankruptcy. The civil war continued, and brought economic life to a standstill. Nevertheless, the Communists proclaimed state monopolies on the so-called 'commanding heights' (big industry, transport, credit, foreign trade, insurance, and large agricultural estates). Traditional private property and personal rights were virtually destroyed. Individualism was smothered.

That was the time of the *cordon sanitaire*, when the Bolsheviks were to be allowed to stew in their own juice. Russia was an outlaw.

In agriculture, the peasants during 1917, before the Bolsheviks even assumed power, had seized forty million hectares of land belonging to the landlords and fifty million more belonging to individual prosperous peasants who had thrived under the Stolypin reform. The land hunger of

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the centuries was temporarily appeased in a riot of equalization. The old *obshchina*, mir, came back in full force.

As early as April, 1917, the Bolsheviks declared for nationalization of the land. On their second day of power the Congress of Soviets proposed that private ownership in land be 'abolished forever, without compensation.' The use of the land was granted to those who tilled it with their own labor. Each locality was left to decide for itself the form of land utilization, but under no form was hired labor permitted. Sub-lease was forbidden.

The peasants had seized the land which they believed always should have belonged to them. Then the new state stepped in, claiming title. The Bolshevik idea was that Russia should become a huge controlled grain factory. Thus began the conflict which is still going on.

With the constant redivision of land on equality basis, set up as an achievement of the revolution, the holdings became smaller, production decreased, and the number of live-stock decreased through consumption as food. Socialist doctrine has maintained for years the superiority of the large, industrialized farm over the small hand-operated unit. A big effort was made to consolidate the small units, with provision for coöper-

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ative management, but the peasants preferred to sit on their scattered, tiny strips.

Under the stress of civil war, collection and distribution of agricultural products was declared a state monopoly. The peasants were supposed to receive a credit redeemable in goods in return for surrendered farm products. All ordinary trade processes ceased. The peasant reaction was to limit production to that required for family needs. Confiscation and requisition became the order of the day. Red soldiers replaced the old Cossacks in assaulting the villages. The result was that agricultural production dropped to less than half of the pre-war level, and the towns were threatened with starvation.

Now glance at industry. The Communists found industry on a war basis, many factories being devoted to the manufacture of military supplies. They were confronted with the problem of replacement of worn-out machinery, for which funds were lacking. In order not to arrest production, they proceeded slowly in nationalization measures. At first the factory-owners were left in nominal possession. Successive efforts at controlling the owners, by workers' committees, by trade unions, by collegiums, resulted in virtual cessation of all production. To restart the machinery, heavy industries and mines were national-



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ized in June, 1918, and the remaining industries whose workers exceeded ten in November, 1920.

The Communist plan for industry was for such a degree of coördination and centralization as would lead to a 'single state factory.' With this objective in view there was promptly created a Supreme Economic Council, of which the various departments, the *glavki*, were plenary organs of the government. The continuance of war and military absolutism and the breakdown of the financial structure necessitated a control system of supply and distribution. In 1918, a Commissariat of Supply was created, which is interesting, for in 1930 it has been reëstablished after being defunct for a decade. Exchange and transport of goods were effected by documentary transfer through the treasury. By March, 1919, industrial enterprises operated by the state were conducted entirely on a non-commercial basis, without the use of money. Workers received wages in the form of a *payok*, or card, entitling them to food and goods in proportion to the labor credited them. There was also a general militarization of labor. And yet foreigners write with amazement of the trends in Russia today as something unheard of, whereas the whole system is just returning to methods attempted in 1918-19. The Communists cling to their ideology.

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The net result was that by 1920 private capital had been abolished, products were no longer marketable assets, and the legal function of money disappeared. Industry reached a stage of 'socialized, centralized economy.' But production dropped to fifteen per cent of the pre-war level.

In transport the problem was different. Three fourths of the railways were state-owned before the war. The remainder were taken over by decree in 1918, as was the trade fleet. The air lines are owned by the state. Only minor elements of local traffic remained in private hands. The inheritance in railways was a net of 58,549 kilometers, after cutting off the 12,000 kilometers that went to the new border states. A picture of the remaining network was like a many-pronged fork, with no connecting lines, and with useless junctions. Only 27 per cent was double-tracked. Most of the equipment was old-fashioned, one fourth of the locomotives had been in the service twenty years. During the Civil War the railroads were the object of fierce contest, with the result that 3672 bridges and 22,000 kilometers of track were destroyed, 52 per cent of the locomotives and 22 per cent of the freight cars were 'sick' (in need of repair).

There was a credit vacuum during this period.

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Private banks were nationalized in December, 1917. On January 18, 1918, all loans concluded by former Russian governments were annulled. During the era of moneyless accounting the practice of commercial credit disappeared.

Domestic trade was never nationalized in Russia, nor was it ever expressly forbidden. What really happened in the early years was that the state declared a monopoly on all agricultural supplies, nationalized big industry, and confiscated goods in the warehouses. The market was swept bare. And conscription of labor made it illegal for any one to be engaged in trade. The government undertook to feed the whole population. Food cards were issued on the class principle. The first served were manual workers and intellectuals doing important service for the state; second were the employees and laboring intelligentsia; third were the non-laboring elements. By the famous labor ration of April, 1920, food was restricted to the laboring masses, and at that given only on working days.

Foreign trade was declared a state monopoly, April 22, 1918. But as there was but little trade then, we will reserve that subject for a moment.

In general, the first act, Military Communism, was a time of terror for social elements other than the proletariat. It was a desperate attempt

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to force collectivism. It was a time of religious persecution, of liquidating capitalism, of destruction of old institutions, of conquering the country. But if we want to guess what next in Russia today we must go back to the program, and to the tactics of Military Communism, of the early years which are being repeated. The difference is that the country then was weak; it now is strong.

### NEW ECONOMIC POLICY

The second act was the New Economic Policy, called a retreat to capitalism. It was, in fact, a compromise between the economic and ideological pressures which lasted from 1921 to 1928. Individual initiative was permitted, within limits, to aid in the economic restoration. It assumed that the socialized sector would expand in due time to such an extent that the private sector would disappear.

Military Communism was defeated by the very inertia of the peasants. The first step in the NEP was that confiscation of grain gave way to a tax payable in kind, the *prodnalog*. The peasants were granted the right to dispose of their surplus over this tax in grain. But they refused to deliver products against any vague promise of goods, and demanded money. Therefore,

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industries could not obtain raw materials, nor the towns food, without money. The circulating medium had to be restored, along with the open market. In 1921 the peasants held the trumps.

By the Land Code of 1922 the peasants were assured permanence in landholding, and freedom to keep the mir system until they chose collectivism. Renting of land and hiring of labor were both permitted.

Now, the land was redistributed equally, but the live-stock and tools were not. Enterprising peasants, who possessed live-stock and tools, acquired more economic power than their neighbors as soon as the restrictions were lifted. The peasants began to divide into four main categories, according to their economic power. This is the differentiation in the village which the Communists have been fighting since 1921. The latest classification census which we can trust is that of 1926-27, which shows the following:

1. Landless peasants, having no means of production, the rural laborers, numbering 5.8 million.

2. Poor peasants, having less than four hectares (a hectare is two and a half acres), or one horse, and no cattle, barely sufficient means for subsistence. These numbered 22.4 million.

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3. Middle peasants, having 4 to 15 hectares, one or two horses, and employing seasonal labor. These were 76.7 million.

4. Rich peasants, the well-known *kulaks*, having more than fifteen hectares, three horses, two paid workers, a piece of machinery, tools, or an enterprise. The 4.9 million kulaks, one twenty-fifth of the total peasant families, occupied one sixth of the sown area, held two thirds of the rented land, and employed one half of the hired rural labor. Kulaks sometimes lent money. They dealt with private traders, defeating the government in its price policies. Elsewhere these kulaks would be moderately successful farmers. As capitalists under a socialistic régime they became enemies of the state.

The best agricultural estates, the orchards, vineyards, sugar-beet farms, cotton plantations, animal breeding farms, etc., were reserved to the state for experimental purposes, to serve as models to teach the peasants scientific farming, and to train agricultural experts. These state farms were considered a joke until 1928.

Of the collective farms the simplest form is the Association for Collective Cultivation, that is merely for common working of the land. A second type is the Artel, in which there is sharing not only in working the land, but in means of

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production. The most advanced form is the Agricultural Commune in which there is sharing in production, distribution, and consumption, under the supervision of the state. In 1927-28, the socialized sector had only 3 million hectares of sown area, the private sector 98 million. The socialized sector accounted for some 2 per cent of the total agricultural production, and the 25 million peasant families for 98 per cent. Socialization of the land had thus not progressed very far during the first ten years.

The New Economic Policy ushered in a decentralization period in industry. Private citizens were granted the right to engage in small industrial occupations. And under the conditions of the keen competition thus introduced in the open market, the state found its centralized organization too inflexible. Accordingly the state enterprises were reorganized in 1923 into trusts, each having factories and other state property. In that first decree the definition of a trust was: 'a state enterprise to which the state grants independence in conduct of operations, and which functions on the basis of commercial account with a view to making profits.'

Confusion as to the status of the trusts led to a redefinition in 1927, in which they are described as: 'state enterprises operating on the basis of

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commercial account in accordance with planned tasks sanctioned by the state.'

The 1923 decree gave liberty to the trusts. Their function was to make profits. The 1927 decree curtailed this autonomy. The emphasis was no longer on profits, but on adherence to the plan given them by the central organs.

When these trusts were formed, they were given fixed capital, plant, and raw materials, but little or no money. There ensued a selling competition in order to get money, not unlike the Soviet dumping abroad today. To eliminate further competition among themselves and to present a united front on the market, trusts in allied lines began to set up syndicates for trade operations. Trusts are the producers; syndicates are the wholesale distributors. This gives the state absolute control of the wholesale supply, which it uses for political as well as economic ends.

The trust-syndicate system raises questions for which there are at present no precise answers. The state is not responsible for the debts of a trust, nor a trust for those of the state. Whether a foreigner could collect from a trust in a Soviet court is an open question. When asked about it Soviet officials shrug, and say the state would not allow such a situation to arise. And there the matter rests.



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The formula in the organization of state industry is thus centralized control and regulation by the Supreme Economic Council, and decentralized administration by trusts, which buy and sell through syndicates. The interesting result of such organization is that state industry is the fulcrum of Communist power, and is considered not only the means of industrialization, but of socializing all the rest of economic life in the Union.

There was also coöperative industry, and some private industry, or 'tolerated capitalism,' mostly small enterprises and handicrafts. In 1927-28 the socialized sector in industry produced 88 per cent of the output, and the private sector 12 per cent.

Drawing the contrast we see that in the base year of the Five-Year Plan, 1927-28, industry was mostly socialized, and agriculture almost exclusively private. This made coördination difficult. Socialized planning could not develop.

During the NEP, transport was greatly extended. A general political purpose is to control the distribution of goods, and at the same time bring larger areas under the immediate influence of Moscow, and to educate the peasants in the ways of socialism by closer contact with Soviet culture. To settle the historic quarrel between

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town and village, dating from Peter the Great, Lenin announced the doctrine of the *smychka*, or link between industry and agriculture, economically and culturally. The highway program is of particular interest to travelers who have roamed the steppes. Until the NEP, the only highways worthy of the name were the Georgian Military Road, the coastal roads of Crimea, and sections of the old Siberian trace down which the politically and socially dead were sent to the dry guillotine. In summer the roads were a series of tracks a hundred yards wide; in spring and autumn they were troughs of mud. With the automobilization of Russia the country has become 'road-conscious.' There is a fever of road-building. It is too early to make predictions, but a note of progress is heard in the impatient honking of the automobile horn in the mud-bound villages of the Volga.

The restoration of the market and money exchange of the NEP likewise led to the founding of the State Bank in 1921 and the return of commercial credit. By its exclusive monopoly of credit the state regulates production and marketing. For instance, if a trade enterprise does not conform to prices fixed by the state, its bank credit may be cut off. Soviet money is an interesting phenomenon. The State Bank in 1922,

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issued *Chervontsi* — 10-ruble notes — which are covered 25 per cent by precious metals and foreign currency, and 75 per cent by short-term bills. In 1924 the State Bank began to issue so-called treasury notes, in 1, 3, and 5 ruble denominations, which pass as legal tender, but are not redeemable in *Chervontsi*. The limit of issue of these treasury notes was first fixed at 50 per cent of the *Chervontsi* banknotes in circulation. In August, 1928, this limit was raised to 75 per cent. This last September it was raised again to 100 per cent.

The Soviet ruble is pegged at 1.94 to the dollar. For every dollar that it puts in its vaults the State Bank, within the limit of the 25 per cent cover, may issue 8 *Chervontsi* rubles. Against these 8 rubles in bank-note form it can likewise issue 8 rubles in treasury notes. In this way one dollar is the cover for 16 rubles, which at the State Bank rate ought to be worth about \$8. Putting one capitalist dollar in the hole, and drawing out the par equivalent of \$8 in socialist money is a feat not to be treated lightly these hard times. There are now over two billion rubles in bank-notes in circulation, which permits two billion more in treasury notes, a total of four billion which is an increase of  $2\frac{1}{2}$  times in three years. Soviet officials deny that there is

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inflation on the grounds that the increasing commercial turnover within the country demands more money, and that the treasury notes are backed by the entire property of the state economic system. That, of course, has been tried before, even in America, but never on such a scale.

Since March, 1928, the export and import of Soviet currency has been strictly forbidden. Some rubles do escape with the smugglers, and can be bought in Berlin and Warsaw for 8 to the dollar instead of 1.94 as at the State Bank. But such rubles can be confiscated at the frontier. If the owner of them is a Russian, he will probably be sent to the White Sea.

This currency question is troublesome. It has been a prime cause for the liquidation of concessions. In their dealings abroad the Soviets are compelled to use foreign currency. To get foreign money they are accused of selling goods at a loss. But, protected by the foreign trade monopoly, they go on building socialism with socialized money.

Trade revived with the NEP. Trade relationships were legalized. Of the 584,000 trade enterprises which sprang into existence by the end of 1922, 548,000 were private. While such development of private trading was welcomed at the time, the idea was never lost sight of that trade

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should become the prerogative of state and co-operative enterprises. The state trading organs are the syndicates, to some extent the trusts, the *gostorgs* of the various republics, etc. The coöperative is the central fact of Russia's domestic trade. Lenin considered the coöperative the chief defense against speculation, as it combines individual initiative with centralized control. Russian coöperatives do not pay dividends, but keep the prices low. Sales are for cash only. The advantage to members is the preferential right to receive goods and food. The coöperatives maintain schools, libraries, publish newspapers and magazines, and conduct a social work of great magnitude.

Private trade, to be legal, must be registered and licensed. The suppression of private trade has been consistent since 1923. But in 1927-28 it still conducted one fourth of the retail. Of the total trade that year 90 per cent was socialized and 10 per cent private. That leaves out of account the illegal private trade which cannot be calculated.

In regard to foreign trade it is necessary to note that very little capital is owned abroad by individuals within the Soviet Union. That owned by the Soviet government is employed in trade operations. Nor has Soviet Russia shipping and

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other facilities of international service which would produce income abroad. Therefore, in order to pay for raw materials and equipment, imported for industrialization purposes, the Soviet government must export sufficient commodities to cover the cost of goods imported. Lacking foreign credits, the Soviets can make only such purchases abroad as are covered by exports. Other countries might be able to afford an unfavorable trade balance, an excess of imports over exports in commodity value; Russia cannot. Britain, for instance, has shipping, and takes a toll on the traffic in other ways, as the world's banking center, for instance, and besides has millions invested abroad in production so that she operates on an excess of imports. Besides, England is a trans-shipment point. Russia has exports, and only exports with which to pay, as her production of gold, about eight tons a year, must be retained as cover for the currency.

### THE FOREIGN TRADE MONOPOLY

The foreign trade monopoly is the cornerstone of the Soviet edifice. Only the state and its agencies can import and export. This is the Chinese wall around the Soviet Union, which is designed:

1. To permit utilization of foreign trade as an

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instrument of planned industrialization by subjecting export and import to license. The import of consumers' goods is strictly limited in favor of producers' goods, chiefly machinery. Luxuries are forbidden entirely.

2. To take advantage of the competition between private trade organizations abroad by centralized purchasing and selling on a united front. This is done by Trade Delegations, which enjoy a measure of diplomatic immunity as representatives of state sovereignty, in spite of international law to the contrary.

3. To prevent the flooding of the Russian market with foreign goods, which, being produced more cheaply, would arrest the development of home industries, the goods famine is so intense that high tariffs would not effect this end. Soviets believe that their capitalist enemies would even sell at a loss in Russia in order to undermine the system.

4. To prevent the escape abroad of valuables and products needed at home.

5. To prevent the divergence into private channels of imports needed in the socialized sector.

The Commissariat of Foreign Trade maintains Trade Delegations abroad, which are composed of two sections: the regulating section and the

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commercial section. The regulating section enjoys a certain extent of diplomatic immunity. The commercial section actually conducts business, mostly on commission for socialized institutions in Moscow. Attached to the Trade Delegations, and controlled by the regulating section, are representatives of the various *gos-torgs*, syndicates, trusts, and coöperatives. The Amtorg of New York, which is registered as an American corporation, is equivalent to the commercial section of a Trade Delegation. Diplomatic immunity is not involved.

In foreign trade policy the Soviets recognize the principles of most-favored-nation treatment, but with reservations.

1. The policy is to divide countries into three groups:

- (a) Such Eastern countries as are economically weak.

Here the foreign trade monopoly does not apply strictly. Exports and imports are not, as a rule, subject to license, and customs tariffs are low. This is part of the general policy of developing social and political ties throughout Asia.

- (b) Countries formerly attached to Tsarist empire. These have certain privileges.

- (c) All other countries.

2. A second reservation to the application of



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most-favored-nation treatment is based on the time of recognition of the Soviet government. It is always stipulated in a trade agreement that neither country has the right to demand of the other privileges granted to countries the governments of which recognized the Soviet Union, *de jure*, before February 15, 1924. The political significance is apparent. Thus far it has not had much economic significance. A nice question for international lawyers is the Soviet contention that recognition of the government is *ipso facto* recognition of the foreign trade monopoly, a guarantee of special rights to the Trade Delegations, and diplomatic immunity to trade delegates. The state is sovereign, the state does business, ergo, business agents partake of that sovereignty...

Before the Genoa Conference, May, 1922, Western countries were willing to do business with the Soviets, but not to recognize the foreign trade monopoly.

The British-Soviet Agreement, 1921, was not recognition of anything, but it provided for a limited most-favored-nation treatment. It gave no special rights to the Russian Trade Delegation.

The German-Soviet Agreement, November 5, 1921, gave the Trade Delegation certain rights

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as the 'Soviet government trading organization,' which rights were extended by the Treaty of Rapallo, 1922.

The Italian-Soviet Treaty, February 7, 1924, carries full recognition of the Soviet Foreign Trade monopoly, as follows:

'Art. 3. Considering that the monopoly of foreign trade in USSR is vested in the state, the Italian government will allow the Trade Delegation of the Union, and its organs, to exercise its assigned functions on Italian territory....

'The trade representatives and members of the Council of the Trade Delegation, to a number to be fixed by the contracting parties, will form an integral part of the Plenipotentiary Delegation, and will enjoy the rights of personal inviolability, of extraterritoriality in regard to their offices, and all such other privileges and immunities as are accorded to members of diplomatic missions.' This was the high-water mark for the Soviets in their attempt to establish their foreign trade monopoly as a legal entity in world trade.

The German-Soviet Treaty, October 12, 1925, grants an array of privileges, and recognizes the principle that the trade delegation is part of the plenipotentiary delegation. Diplomatic immunity is granted to the chief of the Trade Delegation.

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tion and his two assistants, and members of the council of the Trade Delegation domiciled in Berlin. The offices are assured benefits of extra-territoriality.

However, economic acts of the Trade Delegation consummated in Germany shall be subject to German law and jurisdiction. Therefore, the German courts have jurisdiction over goods owned by the Soviets, which are not required in the exercise of sovereign right of diplomatic and consular agents. This was an effort on the part of the Germans to draw the distinction between the Soviet state's property in commerce and its property necessary for diplomatic functions. It goes right to the heart of the problem.

The World Economic Conference, Geneva, May, 1927, witnessed an attempt to revise the relations of capitalistic countries with Russia. The slogan of the non-Russian delegates was 'free circulation of goods and capital.' A principle was set forth that ownership and control of industry, trade, banking, transport, and other enterprises must be regarded as a private, not a sovereign, right of governments. Naturally, there was no reconciliation effected between the two systems. The Germans were particularly dissatisfied because in their trade with Russia a share in the conduct of that trade is denied to

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Germans even on German territory. They declared that the most-favored-nation treatment was a farce when German firms are forbidden to operate in Russia while the Russian government has the freedom of the German market.

The Soviets obliged by answering that the most-favored-nation principle means that they treat all countries alike who enjoy the privileges, but that it does not imply 'material mutuality,' to grant which would necessitate fundamental changes in the socialistic system. Economists have been wondering ever since if this lack of 'material mutuality' as between the Soviets and the rest of the world does not mean permanent conflict until one or the other system is overthrown.

There have been numerous attempts in specific fields to organize concrete opposition to the Soviet monopoly, to counter with credit monopoly, raw materials monopoly, and in general to give the Soviets some of their own medicine. Thus far the inherent rivalries of capitalistic states have prevented an organized front. The Soviets count on this rivalry to continue.

This foreign trade monopoly has given the Soviets an enormous advantage in dealing commercially with other countries. There is only one buyer and one seller — the Soviet government.

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It is the bulwark against capitalism, the wall behind which socialism is being built up. It permits not only strict control of trade, but divorces Russia from the fluctuations of international exchange, so that the Soviets can make their money legally valueless outside of Russia, and give it value by law within the country. The foreign trade monopoly is thus the armor plate of socialism, the highest protection ever devised in international relations.

### FOREIGN CONCESSIONS

Foreign concessions, the so-called state capitalism, occupy the middle ground between the socialized and private sectors. In the Communist view, unrestrained investment of foreign capital in Russia would transfer abroad ownership and control, which would be disastrous to their politico-social system. Because of the low cultural level of the people and the lack of industrial training, uncontrolled foreign investment would make Russia an economic colony of the West, a process already under way before the war. The World War went by the name of the Second Fatherland War in Russia because it was to break the economic dependence on Europe, particularly Germany. Foreign-owned industry would provide employment, but the

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profits would be sucked out of the country, as they are from India, China, Africa, and other non-industrialized lands. Marxian doctrine, as developed in Russia, maintains that there is exploitation of nation by nation, as well as exploitation of man by man.

Nevertheless, the Communists wanted capital to come in, subject to their control. When they passed the concessions decree in 1920, they pictured greedy capitalists waiting along the frontier to pounce upon Russia's natural riches and to exploit her market and people. But somehow the capitalists were wary. There was no guarantee of property in Russia which a hard-headed business man would accept. In 1927-28, after seven years of such policy, the foreign concessions accounted for less than one half of one per cent of the capital in industry, less than one per cent of the hired labor, and less than one per cent of the production. It is now still less. The policy to attract foreign capital has been one of the greatest failures of the Soviet régime. The one fundamental and all-explanatory reason is that the environment is hostile to private capital in Russia no matter who owns it.

But foreign skill is required. Hence the new form of technical assistance concession. American engineers are in Russia today teaching in-

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dustrial science. They receive their pay in hard American dollars. These technical concessions, be it understood, involve an outgo, not an intake, of foreign capital.

Now, then, to sum up the NEP, which was forced by economic pressure from below. It was assumed that private capitalism could not compete for long against the state, and that the private sector in due time would naturally and easily be swallowed by the socialized sector. And yet, at the end of the first decade of the revolution, the private sector accounted for 98 per cent of the agricultural and 12 per cent of the industrial production, and conducted one fourth of the retail trade. Because of the goods famine and existence of non-citizens and others who had to devise means of getting food other than through government agencies, there was a great amount of illegal trade which the state could not control. The private traders allied with the kulaks to speculate against the state's fixed prices. This meant, for one thing, that the state had enormous difficulties in forcing the kulaks and other peasants who owned the marketable surplus in agriculture to yield that surplus at prices which would enable the state to export grain and buy machinery.

Moreover, agriculture remained backward, the

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land still cut up into strips which prevented scientific farming by machine power. A further difficulty was that the line which divided the socialized sector from the private sector in the country likewise divided industry as a whole from agriculture as a whole. In its effort to liquidate the private sector, by taxation, etc., the state was pumping capital from agriculture into industry, thus liquidating agriculture along with the private sector. And, according to its ideology, it could not put money into private agriculture which would develop a capitalist class. The state could not coördinate such forces pulling in opposite directions. It could not plan so long as 125 million peasants were lined up against its program.

During all these years the current question in Moscow was *Kto-Kogo?* Who-Whom? Who beats whom, the socialized or the private sector? Under the conditions of 1927 the odds seemed in favor of the private sector.

The Communist rulers were in an *impasse*. They either had to retreat again, holding ideology in abeyance for the sake of immediate economic advance, or scale the wall and risk everything on the gamble of speed in socialization. Being schooled in audacity, they chose to gamble. Thus the tremendous decision at the Fifteenth



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Party Congress, December, 1927, to launch the Socialist Offensive. And thus the end of tolerated individualism in Russia.

### THE SOCIALIST OFFENSIVE

Our third act is this Socialist Offensive. As 1928 was a year of crop failure, the offensive in agriculture was delayed until the bumper harvest of 1929. Then began the drive. The party sent out its agents. Between January and March, 1930, the collectivist area jumped 40 million hectares, from 2 per cent to 40 per cent of the total. Being forced to enter collectives, many of the peasants killed off their live-stock so as to come in empty-handed. It is estimated that one half the pigs and one third of the cattle were slaughtered and eaten. On March 2, Stalin issued his famous 'dizziness from success' proclamation which called a halt to forced collectivization. There followed a period of decollectivization, but the whole set-up is such that peasants find it advisable to enter collectives. The tide is advancing rapidly again.

The form of collective adopted is the Artel. The procedure is to gather together the landless, poor, and middle peasants of a village. The boundaries between their allotments are eliminated. They are allowed to keep their houses and

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gardens and one cow for individual use. All other means of production are thrown into the common pool. There is sharing of labor and distribution of the products. That makes an Artel.

These collective units are united into larger units, the rayon collectives, and into still larger ones of the region, and so on up to the All-Union Collective (*Kolkhoz*) Administration. That provides the control. When 75 per cent of a district is collectivized, the remaining private farmers, mostly kulaks, are dispossessed and exiled to the northern woods to chop timber. The confiscated land becomes part of the collective. This process is called liquidation of the kulak class.

In industry, the Socialist Offensive involves a reorganization with a view to centralization of planning and control of accumulations. Industry is being transformed by the creation of huge combines, uniting trusts and syndicates. These are vertical institutions, which conduct all operations from getting the raw materials on through to production and marketing. The trusts lose their commercial functions and become merely technical producing units. Other factors involved, the unbroken week, the five-day week, the shock brigades, and socialist competition, we will note later.

In trade, the offensive has practically wiped

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out the private trader. The Commissariat of Supply has come back to replace the Commissariat of Domestic Trade.

The most significant innovation is the credit reform, now under way. The general idea is this. Soviet finance was modeled on the capitalistic system. But with the closing-out of private capital the capitalistic forms of credit, such as commercial credit and bills of exchange, became obsolete. The ultimate aim of socialist credit is to concentrate all credit transactions in the State Bank, making it a clearing-house for checks and reducing the system to accounts. Commercial credit is abolished and replaced by exclusive bank credit. A trust no longer advances goods, say, to a coöperative, and then waits six months for payment in money. It merely forwards the goods. The State Bank gives the trust credit for the proper amount on the books and deducts the same from the account of the coöperative, so the transfer is reduced to bookkeeping. This likewise does away with the bill of exchange, which has been with us for centuries, and goes a long way toward abolition of money transfer between institutions of the socialized sector. It does not involve wages nor retail trade. But considering the size of the commercial turnover within the state-controlled system, the inflation of Soviet

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money, and the pending gold shortage in the world, this attempt to operate on socialist credit is an experiment of keen interest.

In general, the Socialist Offensive, Five-Year Plan and all, is but fulfillment of the program laid down in 1917. We now begin to see the whole cycle. Military Communism was a time of destruction and premature attempts to socialize a bankrupt country. The NEP was a period of economic restoration with the aid of individualism. When the time was ripe, the Communists declared a Socialist Offensive, the era of new construction. They have reintroduced many of their schemes which failed in 1919. This time they have the greatest economic enterprise known to history at their command.

Some centuries ago Cyrano de Bergerac wrote a tale of an imaginary trip to the moon. He made a frame, onto which he tied bottles of dew. As the dew evaporated, he sailed upward. It was difficult getting away, because of the earth's attraction. But after rising slowly for two thirds of the way, he was suddenly turned end for end, and fell straight for the moon. He got into the moon's zone of gravity. For thirteen years now socialization has been retarded by the old attraction of individualism for human beings. But in 1931 the attraction seems to be overcome.

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*Kto-Kogo* — Who beats whom — seems to be answered. And socialization will probably go the rest of the way by its own momentum. Of course, *Cyrano de Bergerac* did come back to earth, which might indicate a moral.

And lastly, we should note that this Socialist Offensive tightens the control for the final drive to build socialism in the closed proletarian state. It involves even greater sacrifice of immediate welfare, presumably for the ultimate prosperity of society as a whole. It involves a renewal of the war on religion, a cleansing of party and government, and a severe discipline which harnesses not only the peasants and intelligentsia, but the proletariat workers as well. Above all it lashes a whole people to the wheel of mundane things; it whips up a faster and faster tempo of that wheel, at a human cost yet to be determined, all to build an industrial Juggernaut, so that when the guns cut loose in the next war, which they fully expect in Moscow, the people of Russia will be prepared, economically independent and powerful, and ready not only to defend the socialist fatherland, but to advance, if need be, against crumbling capitalism.

## CHAPTER VII

### *Economic Control*

THE Communist program is predicated on the toil and sacrifice of all Soviet citizens. Immediate welfare is deliberately sacrificed for the sake of long haul projects of industrialization. In proclaiming religion as the opium of the people, the Communists say, 'Let parsons of all religious creeds keep telling us of a paradise in the world to come; we want to create a real paradise on this earth for human beings.' While the proposed earthly paradise is being laid out, the builders must evidently content themselves with iron rations and minimum comforts. As one might suspect, the first essentials of an earthly paradise in the machine age are power plants, railroads, iron foundries, and other basic means of production. Into these the state pours the wealth of the country. Meanwhile, the light industries which produce consumers' goods are relatively neglected, and are forced, in fact, to bring in revenue with which to build power plants.

The scheme to correct Russia's backwardness thus means that this generation must suffer. But the sacrifice of the welfare of a whole generation

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in order to build socialism is only a new form of the old subservience to the will of the state. The mass of the Russian people have long been accustomed to the sacrifice of their welfare without even the promise of earthly paradise which perhaps only their children can hope to enjoy. Failure to understand this policy leads to the snap conclusions we hear and read about the certain downfall of the system because of the welfare conditions. On the contrary, the Bolsheviks can improve the mass welfare whenever they choose, merely by easing off the pressure to industrialize.

I do not for the moment qualify my opinion that the people of Russia will eventually determine the success or failure of the system. But it is a mistake to believe that the mass of these people are going through very much more than the customary sacrifice of their welfare. When asked if there is a desperation point at which the population might revolt, the Communist leaders say, 'We have not yet plumbed the depths of the patience of our people.' The party keeps its ear to the ground.

Now, there is no doubt that the Communists and Communist Youth, 3 per cent of the population, are sincerely working for the earthly paradise in Russia. The 97 per cent majority, born to

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be patient, but unsustained by the sweets of power, are more concerned with the problems of subsistence. The interesting question arises, how do 3 per cent make 97 per cent submit to the sacrifice, to accept steel mills owned by society in place of boots which an individual can wear?

In the first place, armed resistance is virtually impossible. And because of the political set-up we have described, even unarmed resistance is kept within local bounds and quickly punished. The peasants, hitherto, have lacked organization. But they have kept up a passive resistance, a sullen sabotage, which forced the government to go zigzag. In the towns the party has enlisted most of the active intelligentsia to the work of fulfilling its plans. Persons who do not approve of socialism must coöperate or starve. Furthermore, the party is staunchly supported by the trade unions and by the proletariat in general. Workers grumble fiercely as individuals. Collectively they coöperate with the party and government, secure in the knowledge that they will receive boots first when boots are passed around.

But the real answer to the question of how a fanatic minority makes the majority submit to sacrifice is the organic nerve system of control which threads the immensity of Russian life, with



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its brain in the Kremlin. In the words of Lenin: 'The road to socialism is through public accounting (that is, statistics) and control.' This is the Quantity *X* of the Soviet system, which permits the government to industrialize the country without the aid of foreign capital. It is the economic control, built up over the years, which foreign economists ignore when they predict the fall of the Kremlin.

The supreme control is, of course, the party. We have examined the interlocking directorate by which party control is effected, through command of the key posts in the government and the party 'fractions' in all socialized institutions. About four fifths of the managers in state industry are party members. And the rank and file of the party at all stages of the pyramid serve as constant inspectors.

### THE G.P.U.

Then there is the G.P.U., the State Political Administration. This secret police differs from the old Cheka in that it is, at least nominally, subject to the constitutional organs of authority. As a matter of fact, its orders come from the Politbureau and the Central Committee of the party. It differs also from other famous weapons of class justice, such as the Committee of Public

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Safety of the French Revolution, or the Okhrana of the tsars, by its functions in economic as well as political control. The G.P.U. is called the 'watchful eye of the revolution' and the 'punitive organ of class war.' It pursues the speculator, the counterfeiter, the smuggler, and all economic criminals who ordinarily lie beyond the jurisdiction of a politico-military tribunal. In Russia and abroad it ferrets out economic espionage, economic conspiracy, and economic counter-revolution, generic terms which cover all possible offenses against a state which is in business.

The G.P.U. took over the methods of the tsarist Okhrana and improved on them. It has about 130,000 agents in uniform, on the railroads and elsewhere. As it is a crime not to report observed activities hostile to the state's interests, the G.P.U. has also a civilian army, the size and identity of which are unknown. This is the invisible control.

The G.P.U. has power to carry out administrative justice, without trial. It strikes generally at night. There is a knock on the door and a demand to open in the name of Sovietskaya Vlast. Then enter the polite and efficient G.P.U. agents, who present the warrant and proceed to ransack the apartment. In the morning the neighbors

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hurry by without looking, not even breathing the letters, G.P.U. Another citizen disappears from circulation, charged with offending against the revolution. His relatives may not learn until months later that he is to be released, to be exiled to Solovetsky or Siberia, or that he has already felt the sudden press of the cold pistol behind the ear in the cellar of the Lubianka.

There are times of quiet. Suddenly the political atmosphere gets sultry. The 'punitive organ of class war' strikes with the swiftness of lightning. And for days the air is electric with fear. Even neutral foreigners absorb the thought-currents which come in through the windows.

But it must be admitted that the G.P.U., as distinct from the old Cheka, very seldom interferes with the great mass of peasants and workers. And it must be remembered that the state is economically vulnerable. The revolution is not over; the conditions of war continue. Treason in time of war is the highest form of social danger. And obstruction to the government's plans is made identical with treason in Moscow.

### THE RKI

Another organ of direct political control of the economic system is the Workers-Peasants Inspection, known as the RKI. Nominally the

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RKI is a government commissariat. In reality, it is an extension of the Central Control Commission of the party, the instrument of the *chistka*, or cleansing. One man is always chief of both.

Before 1920 the management of each factory was controlled by a workers' committee. In 1923 the RKI was directed by the party to begin reorganization of the government apparatus, to place it on a scientific basis which would exclude the possibility of bureaucracy, perversity, and superfluity. The RKI was to study the Soviet system at the commanding points, and to recommend changes which would relieve the central government of routine.

It was found that a tapeworm was feeding on the vitals of the state body, absorbing its strength, and causing a terrific overhead in non-productive expenditure. That tapeworm was the inherited bureaucracy, which produced a progeny in kind, the paper work and *volokita*. *Volokita* is the drag, the obstruction, the anti-efficiency. It was everywhere, in high offices and low, in commissariats and village soviets. It was stamped on important papers going through channels, which in some cases took six weeks to pass through twelve hands in one institution, housed in one building.

As a result of this investigation, the party in

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1926 directed the RKI to overhaul the government apparatus and establish a 'régime of economy.' The ship of state had to shorten sail so as to lie closer to the wind, just as any other commercial venture. The idea was to reduce administrative cost by killing bureaucracy at the heart, and by sweeping the débris into the dump of old institutions.

To that end the party in 1926 directed the masses, the trade unions, economic commissions, etc., to report to the RKI all instances of *volokita*, bureaucracy, incompetence, and breach of trust. This implied inspection from below, an elaborate spy system. The RKI thus became a board of censors.

The method of inspection is for a commission from the Control and Verification section of the RKI to appear, without notice, at the headquarters of a commissariat, a trust, a factory, a soviet, a bank, a railroad office, almost any state institution, and call for its books. The doors are locked and guarded. For weeks the commission checks accounts against ascertainable facts. The working conditions of the organization are examined in the light of the general plan. The Council of Peoples Commissars then publishes the findings of the RKI along with a decree to effect the changes recommended.

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Within two years the RKI reduced the politico-economic machinery by 20 per cent and cut the paper work in half. It now works with the so-called 'self-criticism' campaign begun by Stalin. Thousands of letters pour in every day, complaints from below about the way the plan is being carried out, or grievances against the managers or against party members. The RKI offices are generally filled with voluntary assistants, the Komsomols, who open this mail. The complaints are classified, after which there is inspection, and then action.

Party congresses from time to time have given more and more power to the RKI until it is today a searchlight of the Kremlin from which there is no escape. To put teeth in the so-called 'régime of economy,' the RKI recommends liquidation of institutions, consolidation of functions, elimination of parallelism, abolition of red tape, discharge of unnecessary employees, and criminal prosecution of those who have been neglectful or guilty of venality, whether members of the party or not.

In actual practice its recommendations amount to orders. The RKI works with one guiding principle: Whatever is necessary to the state and production remains; whatever is unnecessary must go. To individuals it gives

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the alternative: 'Pull your weight in the boat or get out.'

It used to be very difficult to get money at the State Bank. The lady cashiers were inclined to let queues form while they dawdled over the hourly glass of tea or gossiped among themselves on matters of high interest, but remote from state finance. Then came a short visit from the RKI, after which the cashiers were so intent on serving you that they would read your mind before you spoke. After the RKI swept through the very citadel of *volokita*, the post-office, the stamps fairly popped across the counter, and every one was polite and efficient, as though it were a Rotary Club. Of course, one was always reminded of Charles Lamb, 'Gone, all are gone, the old familiar faces.' But gone, also was much of the dilly-dally of group responsibility.

### GOVERNMENTAL UNIFIED ECONOMIC CONTROL

Turning now to economic control in the strict sense, we find that the administrative control of the economic activities of the state is vested in the Council of Labor and Defense, called the STO. This is an inter-departmental group responsible directly to the Council of Peoples Commissars. Its twelve members, trusted Communists of long

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standing, are holders of the key positions in the economic system.

The Bolsheviks had a preconceived program of unified economic control. In 1917 they set up the Supreme Economic Council, which was to direct the entire economic life of the country, industry, agriculture, and trade. Under the stress of civil war this Supreme Economic Council became, in reality, the Commissariat of Industry, which it still is.

In 1920, the Council of Defense, an inter-departmental war cabinet, was reorganized on a wider basis as the Council of Labor and Defense, the STO, with executive and legislative powers. It became an All-Union organ in 1923. Its chief functions are preparation of all measures for defense of the country, including the military; preparation and execution of all economic and financial plans of the Union; supervision of the commissariats; and decision in questions, such as division of property as between state organs, and between the federal government and those of the republics. The decrees of the STO are compulsory for all central and local organs of authority throughout the Union.

Until Stalin became a member of the STO recently, but little was heard about it abroad. It is the unifying organ at the apex of the pyra-



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mid. It originates the general economic plan, it has supervision of the 'commanding heights,' and through its subsidiaries it controls the economic life of Russia.

The STO operates through a number of commissions, the most important of which has been the State Planning Commission, the Gosplan. On December 24, 1930, there was created another organ, the Verification Committee, which seems to have functions of a super-RKI, directed toward enforcement of discipline in carrying out the Five-Year Plan. One used to wonder what would eventually control the RKI, which was controlling almost everything else. This Verification Committee evidently is the supercontrol.

### STATE PLANNING

State planning is the most original contribution of the Soviets to the science of modern government. Under capitalism we operate on the principle of free enterprise, without any conscious, general planning. We attempted government regulation during the war, on the railroads, for instance, and found it unprofitable. Our co-ordination in trade comes about through the movement of prices. The laws of supply and demand regulate industry, but only after enormous overproduction has taken place. Duplica-

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tion of plant and effort does lead to a struggle for the market and waste. But the American contention is that regulation curbs private initiative, and if the price of efficiency is the loss of that private initiative, then let us do without efficiency, even in our national economy as a whole.

The Soviet answer is state planning by experts, on a basis of complete statistical data, so that the needs of the consumers are calculated in advance, and the allocation of capital and labor in each branch of production is arranged to meet the consumers' needs exactly, with due allowance for export. This permits the coördination of all the resources of the country on the basis of a single, comprehensive plan, having for one of its objectives the balance between production and consumption. This stupendous conception is the real challenge of the Soviet system to *laissez-faire* capitalism.

The Gosplan, subsidiary to the Council of Labor and Defense (STO), has neither executive nor legislative powers, but it is what we might call a reference control of the economic system. In 1926 the STO ordered all state organs and coöperatives to submit information to the Gosplan on demand, and to observe the strictest discipline in carrying out the plan. This began

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the now celebrated 'planning discipline' by which the Soviets expect to defeat the world economically.

The Gosplan Control Figures, a survey of national economy as a whole, first appeared for 1925-26, setting the program for the current year, from October 1 to September 30. (Beginning this year the economic year is January 1 to December 31.) From that beginning it has grown until it is now considered the finest forecasting system known to business. The Gosplan has headquarters in Moscow. In each republic there is a planning commission subject to orders from Moscow. The various commissariats also have planning commissions, with ramifications all over the Union. And each local unit of the economic system must have a planning section.

The plans of local organizations, based on policies defined in Moscow and capacities of local plant, are forwarded up the stages of the economic pyramid to the Gosplan, for coördination into a single plan for the whole Soviet Union. After modification by the STO and ratification by the Central Executive Committee, this unified plan becomes the law of the land and the general guide for the year. The scope of planning has increased from year to year, until now there is practically no activity without its particular

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plan. Krylenko, the public prosecutor, has even organized a five-year plan for playing chess.

Now, state planning requires a corps of highly trained financial and statistical engineers. These the Soviets have lacked in the past. But they are producing rapidly a huge staff of technicians, experienced in the dynamics of planning. In the past the chief handicap has been the unreliability of agricultural statistics. The sown area had to be calculated from information furnished by the peasants themselves, who intentionally or unintentionally gave wrong figures. With the collectivism, however, much of the guesswork in agricultural data has been eliminated. Miscalculation also arises from the necessity to set the Control Figures for the ensuing year before the results of the current years are fully known. And state planning has such a short history that the average of error has not yet been worked out. Natural calamity and unforeseen changes in policy may cause even greater upsets.

Note briefly how planning works in foreign trade. Under state operation, all the import needs and all the resources available for export must be estimated approximately. This information is taken every summer by the Commissariat of Foreign Trade from the estimates of

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production, consumption, and surplus. The procedure has been simple in industry, because of its centralized control. In agriculture it necessitated considerable guesswork.

After estimating the expected exportable surplus, the next step is to calculate the amount of foreign currency that export will bring abroad. The total value of the imports permitted is then fixed within the limits of the total value of the expected exports, unless foreign credit justifies an unfavorable goods balance.

The schedule of purchasing abroad is based on the necessity to give first consideration to the current needs of industry, and since collectivization, also the needs of agriculture; second, to the needs of construction; and third, to the needs of popular consumption. The consumer always comes last in building socialism.

The export-import plan is rectified every quarter. Details of the plan, and of the funds to meet foreign payments, are secrets of state. Inside the country there is a system of quotas and allotments by regions and institutions, both as to exports and imports. Abroad the quotas are made according to the credit available in the various countries. The Soviets use their purchasing power for political ends. For instance, they reduced their purchases in England to a mini-

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mum after the break in relations in 1927. They have been buying in America because they like American machinery, but not without a hope that thereby they will build up a large group of American manufacturers who are vitally interested in promoting Soviet trade.

Concretely, the foreign trade monopoly operates on the license system. Each request for a license is examined in the light of the export-import plan and the quota limits. It is thus a 'prohibiting-permitting' system. Commodities in trade go into, and out of, Russia only under the state's auspices. And when mistakes occur in planning, the least necessary imports are immediately curtailed. In time of depression the Soviet government can shorten sail quickly, and prevent overexpenditure.

### STATISTICS

Lenin's dictum that 'accounting (statistics) and control' lead to socialism underlies the whole structure of planned economy. For this reason statistics, *per se*, are of much greater importance in Russia than in capitalist countries. The statistical organization is enormous. Weekly, monthly, and quarterly reports go forward from all local, industrial, labor, financial, and transport units. These figures are fairly accurate.

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The psychological factor is important. In the early years of planning the desire on the part of local trusts to fulfill their quotas in the plan led to overoptimism. There was a chronic overestimation of the crop, and of the raw materials available. Moreover, the Russian people are blessed with what is called the *shirokaya natura*, wide, or generous, nature.

I once hired a Cossack to take me on a week's journey in his *telega*. In the course of things the rim of the rear wheel worked loose, and finally parted at the weld. Then it began to flip-flap at every turn. I said nothing, for we were almost at a village. The next morning, I expected to find the wheel fixed. But there it was, flip-flap, flip-flap. I punched my Cossack, and said: 'Hey, little brother, you have wire under the seat, why don't you bind up that wheel?' He stopped the horses, and said: 'The devil take it, Barin, I didn't know it bothered you.' Then he reached under the seat and produced, not the wire, but the axe. He spat on his hands and forthwith assaulted the rim. He pounded away for fifteen minutes, and then began to bend a piece a foot long, back and forth, until he broke it off. To all my questions he would say: '*Nitchevo*' — it's nothing, it doesn't matter. Then he tossed the piece he had broken off out into the steppe. I

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asked why. He said '*Nitcherol!*' So I demanded how he could reconcile such destruction with the 'régime of economy.' Whereupon he thumped his chest, and said, '*U nas, shirokaya natura*' — We, the Russians, have a generous nature.

The Communists are up against the *nitchero* and *shirokaya natura*. They are trying to economize the celebrated Slavic soul. Every Russian has a soul tucked away somewhere, a highly imaginative soul which is apt to soar away to astronomy when dealing with figures. But the hard realities of state planning demand accurate reports from below. Persons submitting statistics not based on careful study of ascertainable facts are punished under the laws designed to enforce 'planning discipline.'

In general, there is a constant pressure from the center to develop scientific methodology, to build up a corps of statistical engineers and lesser technicians. This socialism might turn the Russians into a race of bookkeepers. Sometimes a worker or peasant will tell you that the only good thing in the old days was that no one was obliged to keep accounts. The net result is that the socialist accounting of Russia is approaching a state of efficiency which compares favorably with the statistical work in most other countries. Even in efficient America this winter no two fact-



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finding institutions seem able to agree on the amount of unemployment.

There are many ramifications to this economic control which would be very interesting to our study. But this is the main outline. The party controls through political power, by its monopoly of the key posts in the government, and by its 'fractions' in all socialized institutions. One of its instruments is the G.P.U., which has visible and invisible armies of agents to protect the state's economic interests. Another instrument is the Workers-Peasants Inspection, the RKI, which acts as censor of the entire government apparatus. In the economic system proper the apex of the pyramid of control is the Council of Labor and Defense, the STO, which unifies the whole and supervises the preparation and execution of the single, comprehensive economic plan. All of the Union is guided by this plan, set from year to year as a forecast of production and distribution. As this plan is the law of the land, and violation of it might be criminal, there has developed the so-called 'planning discipline,' which is forcing change in the habits and customs of the nation.

Now, this centralized economic control is something new in statecraft. It has many functions which might interest us. But what we want

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to know is how this economic control permits industrialization of a backward country without the aid of foreign capital. That's Quantity *X*. The answer is that this huge control system makes possible the redistribution of the national income and the attainment of the revolutionary ends in view.

This is highly important to us, as it is the process which gives Soviet Russia the economic power to challenge America's position in Asia and elsewhere. America was largely industrialized with the aid of foreign capital, which flowed to our shores and built our railroads and many of our big industries. That made us a debtor nation. The World War turned the scale. As a neutral we were able to pay off our industrialization debts abroad, and we even became what we are, a creditor nation.

The Soviet government is an Ishmael among governments of the world. For economic and psychological reasons foreign capital does not flow to Russia. I believe it is a common experience in any American family that an automobile can be obtained on credit, a stake against the family's earning power; or it can be obtained by eating less, wearing less, and using less fuel in winter. The Soviets have no choice, as between the two methods. So we have the picture of a whole

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nation forced to tighten the belt for the long haul in overcoming the economic drag of the centuries.

The gigantic control system is dedicated to the payment for industrialization from sources within the country. The first factor to notice is the price-control, which assumes great significance in socialist economy.

### PRICE-FIXING

The Commissariat of Supply fixes prices on agricultural products to be collected and on industrial commodities to be distributed. The government organs have developed a technique in price-fixing by a trained personnel. Price-fixing gives the state enormous power in favoring one group of the population against another, or one region against another. This is one of the real mysteries in Russia.

In dealing with private agriculture the price-fixing organs compute the amount a peasant should receive in order that he will feel it worth while to produce. Data are also collected on the quantity and kinds of products he is likely to produce. From these two sets of data the minimum prices are calculated — that is, the lowest at which the peasant is likely to sell in order to get supplies for his family. The Commissariat of

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Supply also calculates the maximum prices which industry can afford to pay for such products, using as the basis the estimated costs of reworking raw materials. Workers' budgets must be considered and, in the case of exportable products, world prices. The final prices fixed represent a compromise. Prices are fixed for large areas, sometimes for whole republics. And price violation is punishable.

Prices are manipulated to make it more profitable to grow the kind of crop desired by Moscow. If there has been an overproduction, say, of rye, the prices for rye will be lowered and those for wheat will be raised in advance. Price-control in this way thus replaces the law of supply and demand which operates elsewhere.

The Commissariat of Supply also fixes the price-norms at which industrial trusts and syndicates must sell manufactured goods to the central trading organs and the trade surcharges permissible at each stage in the distribution system. Disputes as to the 'freeing' or factory prices between the Supreme Economic Council, representing the producers, and the Commissariat of Supply, representing the consumers, are referred to the STO for arbitration.

This price-control has been used to liquidate the private sector. At the opening of the Socialist

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Offensive in 1927-28, agricultural production was still 98 per cent private, whereas industrial production was 88 per cent socialized. Therefore, the collecting or wholesale prices which the government paid the peasants for farm products were kept low, while the retail prices on industrial commodities were kept high. This meant that there was a constant flow of capital from agriculture to industry, from the villages to the towns, from the private sector into the socialized.

### THE BUDGET SYSTEM

Now we come to the budget system. The single state budget, which incorporates the budgets of the central government and of the governments of the seven federated republics, is prepared by the Commissariat of Finance and ratified by the Central Executive Committee. It must be approved by the Gosplan to ensure its conformity to the general economic plan, of which it forms an integral part.

The first source of state income is taxation. In view of the fact that all land in theory belongs to the state there is no land tax as the term is understood in America. In the place of such a tax and of all other direct taxes, the Russian peasants pay taxes on their estimated, not their real, income from land, live-stock, and other means of produc-

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tion. This agricultural tax bears a frankly class character. The policy is to exempt the poor peasants and to take as much as possible from the prosperous. Even before the wave of collectivization last year, 35 per cent of the peasants were exempt from taxation, and the kulaks and upper middle peasants bore the load. There was also a system of deducting twenty rubles per 'mouth' from the estimated taxable income of a peasant household, in order to arrest the tendency toward subdivision of holdings and entire escape from taxation.

There are trade-industrial taxes, heavily weighted against the private sector. And there is also the familiar income tax, which as elsewhere is used as a means of redistributing wealth. The difference is that in Soviet Russia the income tax is graduated not only in proportion to income, but also with regard to social groupings. That is, a private trader might have less real income than a proletarian worker, but his income tax would be higher.

Indirect taxes have yielded huge revenue. The vodka monopoly produced nearly a billion rubles in 1928-29. There is a movement to dispense with this revenue and reduce the consumption of vodka. Customs duties supplement the foreign trade monopoly in protecting Russian industries,

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but contribute comparatively little revenue, as most state-owned imports are exempt.

The second source of state income is the non-tax revenue, which are rents from state property and profits from state enterprises.

The third source is the state internal loans. There is no *rentier* class in Russia. Nor is there a stock exchange. But the savings of the population are mobilized for state purposes by means of these loans, which now total a billion and a half rubles. In theory there is no compulsion to subscribe, but the trade unions, house committees, local soviets, etc., exert pressure on their members. Subscription is considered a duty. In many factories the names of the workers who refuse to subscribe, but who could, are posted on the blackboard, along with scurrilous remarks. Those who subscribe freely are posted on the red board, thus acquiring merit. This is called socialist competition.

According to Communist doctrine, taxation is a class function. The class controlling a state shifts the burden of taxation to the oppressed class. In ancient Rome, the Middle Ages, and through the eighteenth century it was the peasants who carried the load. In the nineteenth century the proletariat shared with the peasants. With the development of capitalism not enough

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revenue for military purposes could be obtained in this way, so there were evolved the property and income taxes, as distinct from the earlier forms of taxation limited largely to articles of mass consumption.

Now, the Communists contend that taxation, as a method of extraction from the income or property of citizens, is necessary only while there is opposition between the state and private economy. Thus, in their transition period to socialism taxation is an instrument of the proletarian class to liquidate the private sector. During that period, under conditions of competition in the open market, the socialized sector likewise must be taxed, though less heavily. But once socialization is accomplished and the private sector disappears, then taxation becomes obsolete as a means of obtaining state revenue, and must be replaced by a simpler method of extraction — that is, by prices, and by a percentage assessment on profits.

If we turn this around, we can visualize the process of reconstruction of the Soviet financial system, going on today. Under Military Communism there was unity. There was a budget process for everything. There was no market, no credit, no legal money. The New Economic Policy, beginning in 1921, put socialized eco-



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nomic enterprises on the basis of commercial account, detached from the budget. Thereafter the state economy was divided into two parts, that on the budget, such as the administration, transport and communications, and that on commercial account, such as trusts, and other economic enterprises. The opposition between the budget and institutions on commercial account made taxes necessary. Socialized institutions paid a multitude of scattered payments into the treasury as budget revenue, such as taxes, customs, stamp duties, excess profits taxes, and others. They retained a legal portion of their profits and subscribed to state loans. And they received from the budgets whatever capital was assigned to them by the general plan. That was the scheme of financing during the restoration period, while the private sector still took a large part in economic life.

The great increase of the national income and the rapid advance of socialization changed the situation. Private trade has dropped away to almost nothing. Industry is being reorganized into huge combines, all subject to planning and regulation. And agriculture is on the way to complete socialization by 1933. So socialized institutions evolve into what is called a higher form.

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Under the new conditions the parceling system of budget payments, which were necessary with the stress of competition with the private sector during the restoration period, are no longer advisable. In fact, they become a drag on planned economy. On December 5, 1929, the Central Committee of the party decided that: 'There should be worked out a system of assessment of state industry on the principle of a single deduction from profits.' This meant complete change in the methods of extraction for budget revenue. The new system must take account of the difference between 'freeing' or factory prices, and the cost of production. Hence, the tax reform of October, 1930, by which socialized institutions pay budget revenue through two channels: first, the tax on the turnover, in which are unified all the former payments, the trade-industrial tax, the excise, the state insurance, tax on ore, and the whole series of minor payments; and second, a deduction from the profits, which includes in one payment all the former extractions from the net income of any institution.

The objective is a once-for-all assessment on goods and the abolition of all other forms of taxes. With the collectivization of agriculture there is likewise a shift from the graduated tax, which mounted rapidly on the higher incomes, to a

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proportion tax, which applies in equal percentage to small and large income alike. The effort is to prevent penalization of large incomes in the socialized sector. The same measures apply to trade.

The significance of this tax reform is not only in the increased economic power derived, and in the saving of time by simplification. It puts an end to the opposition between commercial account institutions, as objects of taxation, and the budget. It means that when the state squeezes the private sector out of existence, it need no longer tax itself. That time has not yet come. But the tax reform, introduced among other things, a threefold increase in taxation on private traders who handle goods not handled by the socialized stores. In general, the tax reform brings the budget and commercial account together again. And the unity, established under Military Communism, and broken by the NEP, is reestablished in 1931. So say the Communists.

The sweeping internal changes of this shift to socialist finance give an entirely new direction to the whole economic system. We noted the credit reform which compels socialized institutions to clear their mutual obligations at the State Bank without transferring money. The new system not only abolishes commercial credit, but forces the

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institutions to keep within the limits of bank credit allotted to them, thus tightening the planning discipline.

An interesting creation is the Credit Tovarishstvo, the lowest unit in the new financial chain, which functions somewhat the same way for the agricultural collectives. A decree of September 26, 1930, directs collective farms to deposit all their cash over that needed for daily expenses in these Credit Tovarishstvos. Peasants, in general, are put under social pressure to take their savings out of the family stocking and put them into these branch banks of the collectives, to pay the agricultural tax in advance, and to subscribe to state loans.

### FINANCIAL PLAN

The greatest, and all-inclusive, innovation is the Financial Plan, called the *Finplan*, which charts the movement of values within the country and the resources and accumulations of the socialized sector, thus the redistribution of wealth. It includes all the budgets, plus all non-budgetary resources which figure in this redistribution. Experts have been devising this Finplan for two years. It became fixed by law, May 23, 1930.

We need only a few figures, which, by the way,

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are given in the unchanging prices of 1926-27, and are therefore corrected according to the purchasing power of the ruble in socialized trade. Three years ago the national income was 25 billion rubles, of which 48 per cent was in the hands of the private sector and citizens. In 1930, it was 33 billion, with the share of the private sector and citizens dropped to 38 per cent. So there still is money in the private sector, plus money owned by individuals as wages.

Redistribution of the national income is effected by pouring funds:

1. From the private sector into the socialized.
2. From one branch of economy into another — e.g., from agriculture into industry.
3. From one sphere of the same branch into another — e.g., from industries for consumers goods into those for means of production.
4. From one territory into another — e.g., from the prosperous regions into the backward lands of Central Asia.
5. From one class into another, from all classes into the proletariat and poor peasants.

The instruments of the redistribution are taxes, prices, loans, and emission of currency. In the past taxes have been the most important. But with the advance of socialization, it is expected that prices will have first place — that is, the

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profits of socialized economy. A temporary feature is the system of high prices designed to entrap the surplus purchasing power of the population. In the autumn of 1930, the state established a chain of open stores where any one can buy, in contrast to the closed coöperatives where only persons with trade-union or special food cards are admitted. These open stores are supposed to stock only the surplus commodities over the normal supply, so as not to lower the real wages of the workers. Their prices are from three to five times higher than those of the closed stores. These are the prices which the average foreigner must pay.

It is difficult to show this redistribution of wealth without columns of figures, but a few will illustrate what has been happening all these years. The mobilization of funds for redistribution according to the 1930 Finplan amounted to 20 billion rubles. Of this huge sum 34.6 per cent came from prices (profits of socialized economy); 28.9 per cent from taxes; a fraction under 20 per cent from the state loans, savings banks, etc.; and 8.4 per cent from state and social insurance. (Social insurance is profitable. For instance, I paid 150 rubles social insurance for my cook during two years, and she never was sick.)

Of the expenditure 9.5 per cent went for ad-

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ministration and defense, 63.4 per cent for financing socialized economy, 21 per cent for social-cultural needs, such as education and health, and the rest for service on loans, insurance payments, and other items.

Turning this around, we find that the socialized sector paid in something over 6 billion rubles and took out 13 billion. The private sector and citizens paid in over 7 billion and received back a billion and a half. In the balance of redistribution, the socialized sector was plus 6869 million rubles. The private sector and citizens were minus 5768 million. These two do not offset each other, because of certain other items in the minus column.

The actual accumulations of fixed capital in the socialized sector during 1930 were computed last month at nearly 11 billion rubles, or one third of the total national income. These estimates are in unchanging 1926-27 prices, fixed within the socialized sector, which do not fluctuate much with supply and demand, nor with the inflation of the ruble as do prices of the open market.

The social significance of this redistribution is made clear from the following. For every ruble (a ruble is 100 kopeks) a poor peasant paid in, he received 68 kopeks in return, in the form

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of educational, health, and other facilities. A worker or employee for his ruble received 57 kopeks, a middle peasant 31, a town bourgeois 9, and a kulak 8 kopeks. The average for the whole population was 41 kopeks on the ruble.

The proportion of the national income which passes through the funnel of the financial plan increases in a ratio faster than the increase of the national income itself. Last year the financial plan was over half, this year it is expected to be two thirds of the national income. This mobilization of all resources, and pouring them through a single funnel of redistribution, is considered the major triumph of the Soviet system.

It permits suction of capital from private and individual sources into socialized economy. In 1928, 2 billion rubles were pumped over, in 1930 nearly 6 billion. But it does more. It serves as a class equalizer by extraction of money from the small capitalists, bourgeoisie, kulaks, and middle peasants, and expenditure of that same money on the proletariat and poor peasants in the form of educational and health facilities from which the former classes are somewhat excluded. It thus whips onward the social transformation and the abolition of classes, the ultimate objective of the revolution.



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Not even the Ptolemies, who managed Egypt as a private estate to bring them income from taxes, and grain, quarry, wine, and foreign trade monopolies, devised such a system of all-inclusive control of the minutiae of economic life. This redistribution of wealth permits financing industrialization without the aid of foreign capital. This is Quantity *X* of the Soviet system, because concealed in this controlled movement of values within the country are many factors which defy measurement, including the patience of the Russian people. Command of all the resources of the country, even to the small change in the pocket of the individual, a condition which seems to be approaching, will mean that the Soviet state at any given moment can hurl enormous economic power into an international conflict, be it commercial or military.

This economic control demonstrates the power brought to focus by a state run as a business concern with unlimited political, social, and economic prerogatives. The Soviet economic statecraft may be justified by the end in view, or condemned for its human cost. But the issue is not the lamented loss of individual liberty which never really existed for the majority of Russians. Nor is it the immediate welfare which has been sacrificed to build socialism. The issue for us is

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plainly this: How is *laissez-faire* individualism going to retain the world market against the competitive onslaught of planned, disciplined collectivism?

## CHAPTER VIII

### *The Industrialization of a Backward Country*

AT the beginning of 1931 the conflict between the socialized and the private sectors is no longer the dominant issue. The Communists declare that the transition period is over and that the era of socialism has begun. Granted that they are over-optimistic, it does seem likely that the process of socialization will go the rest of the way by mass weight and momentum. But there is another side to it. The Communists also proposed to bring prosperity to *society as a whole*, and leisure and enlightenment.

The year 1927-28, the beginning of the Socialist Offensive, is known in Russia as the year of the *perelom* — that is, the point in the illness from which the patient begins to mend. That year economy reached and passed the pre-war level. It marked the end of the restoration of old plant and the beginning of expansion by building new plant. In the early years the Soviet system used up the tsarist accumulations. During the NEP the system expanded by extracting the accumulations remaining in the villages. Since 1927-28 it has expanded on new accumulations.

## A BACKWARD COUNTRY

The country was supposed to be economically restored, but that meant it was still backward. The industrial production of the United States was twenty-five times greater than that of Soviet Russia in 1927-28, the output per worker five times more, and the standard of living of workers four times higher.

In 1913, the technical level of Russian industry was considered 26 per cent lower than the average for advanced countries. With the moral depreciation of worn-out machinery during the war it fell even lower. By 1924 it was 52 per cent lower. This is equivalent to saying that Soviet industry in 1924 was only one half as efficient as that outside of Russia. And the only way to catch up with the world was by lowering the cost of production, rationalization, and by raising the level of technical skill.

For the Russian people there is no alternative to economic backwardness but industrialization. The first party program was to create the Soviet system. The second party program is to use that system as an instrument for achieving industrialization. Industrialization is expected to correct the old disproportion between opportunities for employment and population increase, between supply and demand for goods, between the development of the various branches of economy.

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It is expected by improved methods to raise the productivity of labor and to lower production costs, to raise the standard of living, to permit the attainment of socialism, and to ensure the economic independence of the Soviet Union in its relation with the outside capitalist world.

Certain problems immediately arise, such as the two related questions: the source of funds for financing industrial development and the rate at which industrialization can be effected. The first of these we answered by showing how the government was able to divert the earnings of agriculture, light industry, and the private sector generally, into heavy industry, mining, electrification, transport, etc. By 1927-28 the socialized sector was accumulating fixed capital at the rate of five billion rubles a year, or one fifth of the national income. This rate of accumulation started bolder schemes.

. During those years we heard much about industrialization, but saw very little evidence of it. The country had not changed its appearance since the war — the same sleepy countryside, dilapidated buildings, locomotives that would not pull, roads a morass of mud, and crowds and crowds of unkempt people. They jammed the railway stations with their packs, always going somewhere. They bulged the third-class car-

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riages. They stood around, just looking patient and foolish, for they had nothing to do. Life was comparatively normal then. The famine was past, the epidemics were over, and food was cheap. But there were ten million persons of working age in the villages with nothing to do. Here was Russia's old population problem pictured in any street, in any village. Then came the change.

### THE FIVE-YEAR PLAN

The Gosplan was ordered in 1927 to begin preparation of a Five-Year Plan of development, as an introduction to the general plan for building a socialist society in Russia. For two years alternative drafts of plans were submitted and criticized and threshed out in economic organizations, in trade unions, in soviets, in factories, and party meetings. The first plan estimated the increase of production in heavy industry for the five years at 77 per cent. It was rejected as too low. The second one estimated the increase at 108 per cent. It likewise was considered too low. These two trial Five-Year Plans were worked out on a 'flattening curve' — that is, a relatively higher rate of expansion for the first years when the accumulations of the restoration period would be expended, and then a decline in the

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rate of yearly increase to 6 per cent, which is about the American average. Even at the rate of 10 per cent increase a year, it was estimated that Soviet Russia could reach the American level of production and technical skill only after thirty-five years, and could overtake America only after seventy years. The tempo eventually set for increased production in heavy industry was 163 per cent in five years, and that rate has been chronically modified upward.

The Five-Year Plan was finally adopted by the party in April, 1929, and approved by the Congress of Soviets the following month, making the first comprehensive survey of the potential resources of the Eurasian continent. It is an encyclopedia of national economy in three volumes, which embodies the amazing proposition that backward Russia shall overtake and outstrip the most advanced capitalist countries within an historical period (just how long that is no one knows).

The Five-Year Plan was submitted with two variants: 1. The minimum, or assured, variant, allowing for the possibility of bad crops, no extension of foreign credit or investment, and no great improvement in technique. 2. The maximum variant envisaged the desired reverse of all these. The spread between the minimum and

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maximum variants was about twenty per cent for the five years. The plan was adopted in a wild burst of *shirokaya natura* at the maximum variant, and has since been so revised upward that the original plan cannot be found beneath the superimposed accelerations.

Among the startling proposals are doubling of the national income in five years, investment of 66 billion rubles, and lowering production costs and raising the standard of living at rates never before attained by any country. In fact, all the desirable changes are mapped out for realization. Construction, exploitation of Russia's fabulous natural riches, new railroads and highways, new empires in virgin territories, new cities, new housing, new education, new health service, no phase of life is left untouched.

Now, what is the propulsion behind all this fever to finish the Five-Year Plan in four years? No one knows but the men in the Kremlin. However, one guess is as good as another. The Communists have always believed that the capitalist states must in the nature of things attempt to throttle the Soviet system. They believe that economic blockade and eventual military attack are postponed only until the bourgeois countries are themselves stabilized. As a gradual industrialization would give the outside world time to



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close the ring around Russia, the only alternative is speed so that the industrial plant and great mechanized farms will enable the country to stand a siege. This military aspect of the Five-Year Plan must be kept in mind, along with another motive, as announced by the *Pravda*, August 29, 1929: 'The Five-Year Plan is an important part of the offensive of the proletariat of the world against capitalism; it is a plan tending to undermine capitalist stabilization; it is a great plan of world revolution.'

In setting this terrific tempo the Communists claim that certain advantages of their system warrant a faster development than ever achieved by any country, even Japan. For one thing, they are in a position to take advantage of all the lessons capitalist countries have learned through generations of constant effort. They adopt only the latest technique, without repeating the mistakes made elsewhere in developing that technique. They pay no rent for property. The strict control of planned economy permits them to force all the money of the country into work necessary for production. The abolition of profit-seeking competition reduces internal waste to a minimum. The foreign trade monopoly prevents suction of profits out of the country to be spent elsewhere. Middlemen and other non-producers

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are eliminated. The financial plan redistributes the national wealth, thus permitting the development of backward regions from which will come fresh riches. And lastly, the workers of Russia have untapped energies and creative powers called into play for the first time by the revolution. They are a young people, eager for civilization.

We may call this Five-Year Plan the consummating nightmare of the Bolshevik régime, forcing the reënserfment of the Russian people. The Communists have never masked their intentions. Building socialism involves something akin to forced labor. Of course, we would not tolerate such a system. But we have behind us John Locke, Thomas Jefferson, and a host of other pathfinders of liberty. The Russians have behind them the Veliki 'Tsar, and the obligation to serve the state. That is one reason why Russia is psychologically prepared to 'starve herself great.'

Now, we need not analyze the dizzy arithmetic of the Five-Year Plan in order to get the spirit of the thing. One plan begets another. There is no end to the study, because of the breathless changes. Ideas in Russia are vast like the steppes. The grandiose has particular appeal. An illiterate peasant in a remote section once

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told me that he could not start at ten o'clock, but at thirty o'clock the horses would be ready. He did not know the hours of the clock, but he was eager to bargain for a higher number. The 'little brothers' are like children with wonderful toys, machinery that goes around. The Five-Year Plan is based primarily on the transfer from human and animal power to mechanical power, from the wooden plough to the tractor, from the sickle to the harvester-combines, from the human carrier to the huge electric crane. Lenin was the author of the premise that Soviet power plus electrification equals socialism. The early electrification schemes were properly labeled electro-fiction. Soviet enthusiasts, however, assure us that capitalism was the age of steam, whereas socialism is the age of electricity. Be that as it may, electric current is a cheap commodity in Moscow.

Now, to get the spirit of this plan of economic salvation we must see the human beings forced to labor under its ægis. First, however, a few key figures in the present astronomy of the *shirokaya natura* should be noted. Factory production in 1929-30 is quoted at double the 1913 figure in quantity. The bumper crop was 87 million tons of grain, one fifth larger than the year before, despite the disorganization of the campaign for

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collectives. The cotton crop was a million and a quarter tons, which hits the American South. All these are greatly in excess of the expectations for the second year of the Five-Year Plan. There are others less promising.

On this basis the plan for 1931 estimates the national income for the coming year at 49 billion rubles, a jump of 35 per cent over last year. Two million more workers are expected to be employed in socialized economy. The industrial program for the five years is expected to be four fifths complete at the end of this year, the third of the five. There is the usual estimate that the productivity of labor shall increase by 35 per cent, and the cost of construction be reduced by 12 per cent, desired changes which never come up to expectations. Nearly 4 billion rubles are to be poured into socialized agriculture. Some 6.5 billion rubles are to be spent for education, health, and social purposes. And the whole plan for the year transfers greatly increased authority to the Commissariat of Finance. The slogan, 'planning discipline,' has moved onward to 'financial discipline,' which reaches down into the pocket of the individual.

The extraordinary feature of this industrialization fever is that when the figures are criticized as fantastic, the Soviet officials promptly revise

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them upward and make them delirious. Now, there is no way to check either the figures nor the underlying data, any more than there is to investigate the forced labor of the lumber camps. All that we can be sure of is what we see. We see that life is moving at high speed in Russia, that great power plants are being built, steel mills are springing up, factories are turning out tractors and combines, oil is flowing at a tremendous rate, new railroads are tying up the industrial centers with the sources of raw materials, unemployment has disappeared, and the Russian land, which today has one fifth of the total cultivated area of the globe, is being tractorized and motorized, all this as a prelude to an assault on the world market by the Soviet system in which the cost of production cannot be exactly calculated, and which is dedicated to the smashing of the economic power of capitalist countries, including America.

### TRAINING PERSONNEL

The internal technical problems of the Five-Year Plan are too vast for us to consider here. The quality of Soviet products is, in general, below our standards. The real barrier is the slowness in training personnel to manage this industrial Juggernaut. But training, too, has been

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caught in the momentum of the furious tempo. During the war we had to fly eight or ten hours double control before we were allowed to fly solo. Recently a boy at Roosevelt Field flew an hour with an instructor, and then hopped off alone. The same acceleration of the rate of training can be observed in Soviet Russia.

In regard to training we must remember that industrialization in America was greatly aided by the constant stream of immigrants, engineers, skilled workmen, experienced farmers, stalwart muscles and brains coming to our shores every year whose education and training had been paid for elsewhere. Moreover, they came mostly without women, which fact was to our advantage in the production-consumption ratio. One social result has been that American women, inheriting a tradition of scarcity from our frontier days, enjoy a position of dominance which is still the envy of European women and the dread of European men.

The Russian problem is fundamentally different. The country cannot absorb great armies of skilled workmen from abroad; they must be trained from the native raw material, the 'dark people.' Of the total population over seven years of age in 1897, the last pre-war census, 62.3 per cent of the males and 87.5 per cent of the females

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were illiterate. But little progress was made under the autocracy, which feared education. The 1926 census shows the illiteracy reduced to 34.6 per cent of the males and 63.3 per cent of the females, an average of 43.3 per cent illiteracy. For the first time in history the majority of the Russian people could read and write. In 1930, illiteracy was reduced to 39 per cent. The plan calls for utter liquidation of illiteracy by the end of next year for all persons under forty-five years of age.

The Soviets must train a huge civilian army to operate the industrial machine being constructed. The Russians have one characteristic which mitigates against industrial training, and that is abhorrence of routine. In science, for instance, the Russian is capable of brilliant performance on a special job, to which he is keyed up. But he lacks the persistence necessary for a painstaking piece of work extending over a long period. Again, we can blame the climate.

As a race of talkers they are naturally long on theory and short on practice. That comes from the old habit of waiting months for the snow to melt. The delightful character of Russian literature is the one who spins out noble thoughts about the future accomplishment and then allows trifles to prevent execution. You know

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the type, Turgenev's Rodin, and the one who was always planning for years to come to America, but never could find his carpet slippers at the right time. Now all is changed. Every one must be purposeful and make a career in Soviet-skaya Vlast. If possible one must wear a leather jacket, carry a portfolio, and always be in a rush. Above all, the Soviet citizen must have a specialty. Even a foreigner on applying for a visa must invent a specialty for himself; otherwise he might be suspected of being artfully vague.

For training there is a widespread system of technical education. The old idea of polytechnic education has been abandoned, and is replaced by the monotechnic schools, which work in conjunction with trusts or factories specializing in the practice of the subject taught. This close relation between pure knowledge and application of knowledge as the students progress permits much more rapid training of experts. Of course, the cultural background is thin, as the students are supposed to get that from social work. For industry there are 188 technical schools of university rank, 663 technicums, of the rank of our high schools, and 321 Rabfacs, or Workers' Faculties, designed for adult workers between eighteen and thirty. Then there are multiple factory schools, trade schools, and even technical schools



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for children. Besides, there are 68 agricultural institutions of university rank, and 352 technicums. In other branches, such as medicine, pedagogy, art, etc., there are 126 universities. As this large network is still inadequate, there has recently been started a system of short training courses where a worker can improve his rating qualification and thereby increase his pay. In these technical schools in 1930 there were almost a million and a half students.

According to the Five-Year Plan these schools must increase the engineers from 16,000 to 60,000, and the technicians and skilled practitioners from 37,000 to 90,000. There also must be 35,000 agricultural engineers and agronomists, and 40,000 lesser experts in scientific farming. In all branches of economy similar figures could be mentioned. Since April 4, 1929, industrial enterprises must assign 3 per cent of their profits to training their personnel. Half the students in the higher institutes, and three fourths of those in the day technicums, are on scholarship. Those assigned to the higher technical institutes draw wages on the average of 70 rubles a month, and are given from 20 to 30 rubles a year for textbooks. The students, of course, are denied many of the comforts of life in their huge dormitories. But they do get paid while being trained. The

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same applies to students in the new kolkhoz, or collective farm, schools.

Previous to 1930 the bourgeois specialists were treated with constant suspicion. No matter how hard they worked for the government, their children were, in general, denied admission to the higher schools. In May, 1930, the government ordered all bars removed for the children of specialists. One reason, of course, was that the so-called red specialists were increasing in numbers, and it was hard to distinguish their children from those of the ex-bourgeois. In July the specialists were admitted to the benefits of social insurance, on the same basis as workers. The same decree established a scale of bonuses for engineers and technicians, such as 10 per cent of the salary for those who remain with the same institution for three years. The specialist (*spets*) is the man of the hour in Russia.

In all this vast system of training experts there is considerable confusion and cross-purpose. Even when complete, the training is far from adequate. Again, it is not a question of figures, so much as of spirit. And certainly the sight of people poring over technical books on the trams, in the parks, and even in the theaters, indicates a persistent quest for expert knowledge. The lights of the night schools burn late in Russia,

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the midnight oil consumed by a nation educating itself.

Another phase of the training program is the technical aid contract, by which foreign experts supervise construction, teach technique, or grant the use of their patents in return for fixed salaries or commissions. There are several thousand foreign engineers in Russia today. The payroll of Americans alone is estimated at ten million dollars a year. The plan for 1931 calls for the import of 13,000 more technicians to speed up the work of training personnel.

Invention, also, has an interesting place in the Soviet scheme. Since the passing of the patent right law in 1924 the number of applications for patents has increased to 30,000 a year. Of these, 12 per cent have come from ordinary workmen. The economic reward is generally only a few hundred rubles, but the privileges of the inventor are comparatively great. The Communists rely on the native ingenuity of the Russian workmen to fill, in time, the gap left by the perishing intelligentsia.

### WILL THE FIVE-YEAR PLAN SUCCEED?

The financial part of the Five-Year Plan seems to be assured. The capital is there, the resources are there, the human power is there, endowed

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with creative talents which for centuries have been smothered.

But the technical difficulties are enormous. Even with the advantages described and the tremendous expenditure on technical education, the training of a people recently illiterate to command and operate the delicately balanced machinery of a huge industrial Juggernaut cannot possibly proceed at the furious tempo set for the economy as a whole.

The uneven execution of the plan makes it difficult to judge the success of the whole. But that does not weigh in the final issue. Russia is being filled with the smoke of new chimneys, life is being mechanized and transformed, the countryside is changed from a sleepy expanse of steppe into a stormy sea of commotion, the rattle of the hammer and the drill is heard everywhere, and the result is an industrial plant the immensity of which really staggers the eye. Russia is closing the gap of the centuries.

The ultimate human cost of the madness we cannot begin to appraise. There is an increase of neurasthenia which cannot be measured. The economic interpretation of history lashes the Russian people to a wheel which turns faster and faster in the effort to overtake and outstrip capitalist countries. And short of an economic

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blockade or actual war, we may predict that the wheel will go faster still until the equilibrium is struck between the pace desired by the rulers and the demonstrated capacity of the 'little brothers' for training. Meanwhile, a second Five-Year Plan, 1933-37, has been prepared in outline, a Fifteen-Year Plan is around the corner, and a Fifty-Year Plan is not far in the offing.

### 'FORCED' LABOR

With these cursory glimpses at the capital and training aspects of the Five-Year Plan, let us turn now to that which interests us most, the conditions of labor. I should like to indicate some of the changes I found last summer after an absence of a year, and also those introduced by new laws of the last few months.

Let us first visit the peasant. The cultivated area of the globe in 1930 was about 650 million hectares. Of this total one fifth was in the Soviet Union. The great significance of the change which had occurred in one year was that socialization of so much of agriculture has resulted in an integration of the Soviet state. The majority of the peasants are no longer a producing class apart. They are absorbed into the state system; they are on the road to become a rural prole-

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tariat. From the Soviet point of view this means final unification of the national economy.

We find, first, these enormous state farms, 'grain factories,' 142 last year, with a sown area of 8.9 million hectares. They produced one million tons of grain, mostly for export, and replaced the kulaks in supplying the marketable surplus. With scientific farming their yield has been raised from 45 to 70 poods per hectare. Their 1600 harvester combines are to be increased to 4000 this year. Labor on the state farms observes trade-union rules, eight-hour day, vacations, etc.

Next, the collectives. There is the beginning of a collective in the contractation. When the majority of a village wish to make a contract to deliver a certain portion of the crop to the government at a certain price, the rest are forced to agree. Or it might begin with the coöperative use of machinery. Or the strips might be eliminated and means of production pooled, to form an Artel. The entrance fee for each household is 2 to 10 per cent of the value of family property, or 10 per cent of the person's wages. One half of the share a member brings into the Artel goes into the reserve fund. The other half remains his property, which he receives back if he quits. All work is done collectively, and is paid for from the

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revenue according to three categories of skill, 1, 1.25, 1.50 rubles a day for labor. Strict account is kept of the labor time, which means a complicated system of bookkeeping. Current wages can be drawn up to 50 per cent; the rest payable after the harvest. The transfer to piece work for labor on collective farms seems to be only a question of time.

Administration of an Artel is by a committee elected at the general meeting of members. There is also a Control Commission. The Artel is the lowest link. There might be several in one village. But each Artel enters into a Kolkhoz, or Collective, which is very large. The local Kolkhoz supplies the Artels with goods from the co-operatives, with machinery, clean seed, fertilizer, etc., and might have a branch bank to furnish production credit. The local Kolkhoz enters a rayon union of Kolkhozes, and so on up to the Union of Unions of Kolkhozes in Moscow.

These collectives in 1930 cultivated 38 million hectares. In the grain regions they occupied 60 per cent of the land, and supplied the government with 10 million tons of grain. The larger ones are becoming towns, with plans for playgrounds, public dining-rooms, bakeries, laundries, libraries, schools, clubs, crèches, and

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kindergartens. The village soviet remains, however, as the organ of political authority.

Now what of the peasant himself? Ivan Ivanovich has not accepted the new order wholeheartedly. The ground has simply moved out from under his feet. He prefers the old days when he did not plough till St. Nicholas Day, and did not harvest until some other saint turned up on the calendar. Moreover, he could loaf in the winter and make *samogon* (moonshine). Now, he must rise to the bell, troop into the mess-hall for morning tea, rush out to work at the sound of another bell. Nor does he go to his former work. The tractor brigade moves past him in column, a dozen, fifteen, or twenty monsters hauling gang ploughs, and ploughing deep, something Ivan always refused to do. This spring 75,000 tractors are expected to be in operation. For this tractor service the collective pays the state 30 per cent of the harvest. Ivan does not plough. He works in the orchard, with the poultry, or with the live-stock and hay. He does not like it much, because there is always some one checking up on the amount of weeds he pulls in an hour or the way he plants cabbage, or there is some work-fiend of the shock brigade who sets a pace no normal person cares to emulate. And he must not quit till the bell rings.



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Besides all that there is no barrel of moonshine standing by the door, from which he can scoop a ladleful in passing. Ivan Ivanovich, called the *muzhik* (little man), also the *krestnyanin* (the man of the cross), is losing his identity and becoming a rural proletariat, with social insurance, and other advantages of the ruling class. Economically, he is better or worse off, according to his former particular status.

Around these collectives are great numbers of discharged soldiers. Since last spring the government has been shunting the entire discharge from the army into the collectives, to build roads for the tractor columns, bridges, and to man the machine repair shops which now dot the map. There are also children of kulaks whose parents are away in the northern woods or out in the irrigation projects of Turkestan. These children are, on the whole, treated kindly. The principal crime of the kulaks was desire for money, which is against socialist sharing. So far as I could learn last summer, the dispossessed kulaks get trade-union wages for their labor, wherever it is, but they are not allowed to leave. I was told they are not under military guard. But there is no chance for them to escape, because every citizen needs papers and credentials. There would be no place for them to escape to. After

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one year at labor under detention, the local trade union votes by majority whether or not particular kulaks will be admitted to the ranks. If so voted, the kulak becomes a citizen again, and can move where he likes.

Now for labor in industry. The revolution established a universal eight-hour day for manual and a six-hour day for brain labor, with a continuous rest of 42 hours each week. Labor is regulated by the collective agreements between the trade unions and the employers. Vacations of two weeks or a month are enforced. Overtime is paid at double the rate. And social insurance, paid by the employer, guarantees medical attention within the limits of the equipment. The privileges of the proletariat aristocracy are too numerous to mention, making a large amount of social wages.

There are several features of the labor situation to note. First, this tremendous construction all over the country has not only absorbed the surplus population, but has produced an acute shortage of both skilled and unskilled labor. In 1930, 1.5 million were added to the payroll of hired labor, making nearly 14 million in all, which is expected to reach 16 million in 1931. This leaves out of account the selected army assigned to take technical training.

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The Five-Year Plan introduced the so-called socialist competition, as distinct from the profit-seeking competition of capitalism. This socialist competition is whipped up by various means, rewards to the factory which produces more than the next one, or bonuses for getting a piece of work done within a certain time. It is supposed to reduce laziness at the bench and to make the workers keen to discover deficiencies in operation.

One third of the workers in state industry are now on the seven-hour day. The transfer is supposed to be complete by next year. Since October, 1929, Soviet Russia has operated on an unbroken week. Sunday is abolished. Factories, stores, government offices are open and running on Sunday as on any other day. The idea is to keep the machinery turning and increase the number of shifts. By abolishing other religious holidays the workdays of the year have increased from 300 to 360. This alone increased production by 20 per cent, and the employment by one sixth. It also eases the strain on the stores, as it does away with the Saturday rush.

At the same time there was decreed the five-day week — that is, four days of work followed by one day of rest. In Moscow now a Russian hands you his card on which he has his rest day inscribed, the fifth, the tenth, the fifteenth of the

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month, or the second, the seventh, the twelfth, etc. Rest days within a family are different, generally, so family outings are no more. There are 72 working weeks in the year, and only five holidays. Labor is forbidden on Lenin Day, January 22; International Labor Day, May 1 and 2; and the birthday of the revolution, November 7 and 8. The odd day of leap year is set aside as Industrialization Day.

For years the workers through their trade unions and committees in factories were dictating to the managers, who were often ex-bourgeois. One result was inefficiency, because these workers would frequently go into a huddle to decide what Marx or Lenin would have done in the case before them. Also there was prevalence of the *progul*, absence from work, and Blue Mondays. Then came the institution known as the red manager, a worker risen from the ranks, and the bourgeois manager became only the technical specialist. Metaphorically, the whip began to crack. The slogan was: 'We are being undermined by the lack of labor discipline.'

The first order in establishing labor discipline was that for unique command in industry, September, 1929. Workers' interference with the management was forbidden, no matter what their position was in the party or trade union.

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The director's orders had to be carried out without question. All this time, of course, there had been blackboards in the factories, for posting the names of workers who misbehaved. The 'wall newspapers' published detailed accounts of misdemeanors. It now became a dishonor to be posted.

Much of Russian industry is on piece work. The products were of uneven quality, and some were very poor. In November, 1929, it was decreed that persons guilty of defective production through carelessness were subject to deprivation of liberty for five years and hard labor for one. For not keeping up to standard they were liable to two years in prison. And in August, 1930, there was established a State Inspection Department of the Commissariat of Domestic Trade, the function of which is to check and trace back to their sources all products below par in quality.

Also in the last few months a whole series of decrees have been issued to arrest the huge labor turnover, in some places as high as 100 per cent, caused by the labor shortage. The workers finding the tide had turned, that they were in big demand, began to shift from factory to factory, out to the collectives and back. In September, 1930, the government ordered the labor ex-

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changes to strike from their lists all persons who had left their jobs at their own inclination and to counteract the enticement of workers from one institution to another. Above all, the labor exchanges were ordered to register every one who refused a job, if it could be proved that he was drawing some kind of unemployment insurance. The monetary payments for unemployment were suspended entirely, October 9.

Already last July the labor exchanges began the formation of the so-called reserve squads, which were shunted from factory to factory for emergency tasks. The idea of the shock brigades, or pace-makers, was carried further in September by increasing the reward to the best workers for the Five-Year Plan, in the form of excursions around the Union to the interesting new industrial centers, sojourns at the health resorts in the Crimea and the Caucasus, special facilities for study at home and abroad, including scholarships, and even such features as gifts of bicycles. So bicycle riders become another class apart, the heroes of production.

Of particular interest was the decision of the Central Committee of the party, October 20, 1930, that the various Commissariats of Labor, in conjunction with the trade unions, have the right to remove specialists and skilled workers from

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one district to another, and from the less important industries to the more important, such as coal mining, iron foundries, transport, and large-scale construction. The privileges granted to the shock brigades were increased, and extra holidays promised for uninterrupted work.

The transport situation has been especially serious. The enormous movement of goods in 1930 demanded loading of freight cars at the rate of some 60,000 a day. The actual average was only 47,000 a day. Besides, the passenger traffic swelled beyond all proportion with the rushing about of officials on *commanderovka*, and of migrating workmen. The new discipline hit the transport system by the orders of November 3 in the definition of what is called 'service offense.' Any infringement of regulations, any non-fulfillment of orders, becomes a 'service offense.' The penalties range from reprimand through three months arrest on half-pay up to dismissal with prohibition of working anywhere else.

In September, orders were issued to recruit 60,000 boys for automobile-transport training before April, 1931. To supplement the loading gangs reserve squads were formed under 'skilled' leaders, to move the freight which can be handled by inexperienced labor. And in January, 1931, all institutions were directed to list all their

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employees who formerly worked in the transport services. These employees are given five days in which to report to the labor exchange for re-assignment to transport work somewhere in the Soviet Union. This mobilization is now being extended to include farm experts, and nearly every other type of skilled labor of which the state has pressing need.

All these laws indicate a return to the militarization of labor of 1919. But we must distinguish between forced labor, and 'planning, financial, and labor discipline.' By following through the decrees and party decisions we find laws to enforce previous laws, then more laws to enforce these, indicating the difficulties of holding labor in the harness. But labor is paid and the industrial army is clothed and fed. Moreover, these people are constantly assured that the factories are theirs, the collective farms are theirs, the railroads are theirs. They own the country, but whether they like it or not, they must turn it into a paradise for the next generation.

What makes application of embargoes against Soviet 'convict' goods somewhat futile, unless indiscriminate, is that all of the 160 million people of the Soviet Union, party and non-party alike, are under a régime of forced labor, working in places not always of their own choosing,



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and at a tempo only the enthusiasts and shock brigades find agreeable. This gives the Soviet Union a military complexion, a state preparing for economic war. And since November 21, 1929, the citizens who choose to desert Soviet service abroad, forsaking the cause of socialism to enjoy bourgeois life, are pronounced traitors, to be shot at the frontier should they attempt to return.

## CHAPTER IX

### *The Human Side*

THE system we have described is the instrument to attain the political and economic ends in view, and to transform society. That is the revolution. We now turn to the human raw material in the laboratory of experiment. Here we find even more stupendous changes than those in the political and economic fields. We find the deification of the machine, the utilitarian concept of value, the violent break with centuries of habit, and the tremendous acceleration of the rhythm of life, of doing, thinking, talking, and eating. The 'little brothers' even rest faster than of old. The efforts to economize the Slavic soul, to establish militant materialism, and to create a mass impersonality known as collective man, have profoundly changed the people themselves. That is the revolution within the revolution.

Who are the Russian people today? The old upper classes have passed from the picture. Many were snuffed out by the civil war and the terror; many more escaped to the destitution of exile abroad in an overpopulated world. Those who remained have starved in the squalor of the

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cellars of Russian cities. They are now very few.

Gone, too, are most of the old intelligentsia. The parasite class paid the penalty for the sins of their fathers. But the intelligentsia of Russia was one of the most enlightened in the world. Among them were many revolutionists, who wanted heart and soul to bring the light of freedom to the dark steppes of Russia. But they were idealists. They believed in compromise. They could see two sides to a question. They had scruples. In the course of time they, too, have fallen in the class struggle. Their fate is the real tragedy of the revolution. Some work faithfully for the Sovietskaya Vlast. But they never can overcome their class origin.

Then, there are the many unclassified elements who have consciously or unconsciously been obstructions to the buildings of socialism. Slowly, but relentlessly, all these are being 'liquidated.' Liquidation of potential opposition has been the creed of the rulers of Russia. From such scenes the foreigner, in emotional self-protection, must hurry away. Like the tragedy of King Lear, the lingering starvation of the disenfranchised is too harrowing to the Anglo-Saxon mind.

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### HEALTH FACILITIES

Again, we must remember the class sovereignty of the workers' state. The whole set-up is designed to make it difficult for potential enemies of that class to exist. But for the sovereign class the state spares no expense. The health of the worker is a primary concern of the government. And the record here is excellent. Before the war there were 14,000 doctors; there are now 92,193, including some 10,000 dentists. Last year there were very close to 6000 hospitals, with nearly 300,000 beds, almost double the amount per capita of the tsarist days. A particular institution is the ambulatoria, or dispensary, of which there are over 12,000 in towns and villages. Especial attention is paid to workers' children and maternity facilities, which now number almost 10,000 institutions. There are 250 roving medical detachments serving remote sections. (I, myself, have met Soviet doctors north of the Arctic Circle, 120 versts from the railroad, treating the Lapps and Samoyeds.) In addition there are 64 bacteriological institutes, 787 laboratories, 88 Pasteur stations, and specialized medical dépôts too numerous to mention.

The point to all these figures is that there is an enormous health service in Soviet Russia, but it serves the proletariat, poorer peasants, and

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socialized sector in general. In November, 1927, an American girl, a revolutionist, died in Moscow. The entire American colony turned out to march behind her coffin, draped in red. During the march to the crematory a worker fell into step with me, and asked: '*Ona nasha?*' — She was ours? When I told him she was, he joined the procession. That line between 'ours' and 'not ours' runs through all of Russian life.

For the worker medical attendance is free at any of the numerous clinics. If incapacitated he receives 100 per cent of his regular wage through the social insurance. If he becomes a permanent invalid as a result of labor, he receives two thirds of his wage. Old-age pensions amount to one half of the wage. Unemployment doles include cash, distribution of food, free medical service, and free housing. These have ceased since last October because of the labor shortage. Another feature is that women are excused from work on full pay for eight weeks before and eight after childbirth in manual labor, and for six weeks in clerical work.

There is a general shortage of medical supplies, as there is of soap, and other articles of comfort which the state has not manufactured in sufficient quantities. But all workers and employees, depending on their occupation, have two weeks'

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or a month's vacation every year, for which most of them flock to the rest homes, sanatoria, *kurorts* (health resorts), which literally dot the Caucasus and the Crimea. Under the new system vacations are distributed throughout the year. Even for the foreigner going to Crimea is an exhilaration. He leaves Moscow, cold and gray, and possibly wet. Some thirty hours later, he bursts into the glorious dry sunshine of the Crimea, a fairyland of rocky shores, open sea, with the cypress and the pine everywhere, and miles and miles of vineyards. In this land of Beulah the old nobility built their summer palaces. Every one of the palaces is now a rest home for the workers, peasants, and employees. The Livadia, the tsar's own palace, is reserved for peasants. Ivan Ivanovich dreamt he dwelt in marble halls, and there he is — stroking his beard. While on vacation every one seems to forget the wear and tear of the class struggle. Moscow is remote. There is much levity. Spirits are high. There is also hospitality, for I, though classed as a bourgeois, was admitted to the kurort of the Tsekubu (House of the Learned), on the plea that I was ill and needed sunshine. So I enjoyed butter and milk, white bread, and other items of the social wages reserved for the Soviet professors.

And the industrial army is fed and clothed, not

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well, but sufficiently. They are the producers in a producers' society. In cities such as Moscow there is strict rationing and scarcity for the general population. Food is shunted out to the new industrial centers. The meals are not of high quality, and they are likely to be monotonous — meat three times a week, and *kasha* (a cereal) in abundance every meal. In such centers hot lunches are provided for school-children. A new institution is the socialized restaurant. There are now 1281 such restaurants, and almost 4000 buffets, around Moscow alone, supplying 50 per cent of the workers and their families with hot meals. The idea of this communal feeding is to do away with the waste of individual cooking. Meal tickets are sold in advance. The service is to be trebled this year. At the end of five years it is expected that the greater part of the industrial army will be put on communal feeding. Meanwhile, although the food scarcity has been somewhat relieved this last autumn, the rest of the population exists, or fails to exist, on what is left after the government fulfills the export program.

## HOUSING

The intense housing shortage has been a result of the deterioration and lack of building during

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the war and the urbanization process of industrialization. Leningrad, the magnificent city, graced by miles of government offices and spacious residences, the show place of imperial splendor, was considered by the new rulers as too exposed to attack. After the German guns were silenced at the price of the Treaty of Brest-Litovsk in 1918, the capital was shifted to Moscow, the semi-Oriental city of narrow sidewalks. Into this space were jammed hundreds of governmental institutions large and small. The population of Moscow jumped half a million within a few months.

To meet the problem the government fixed a sanitary minimum of living floor space at 86 square feet per person. In practice this legal minimum fell to 43 square feet, or one half the amount actually required for health during the long winter when Russian windows are sealed. Meanwhile, the lure of the capital continued to attract people from all over Russia at the rate of 100,000 a year. The floor space per person decreased even more. Moreover, old buildings began to fall apart. The government then began the policy of long lease to private persons and coöperatives, who would make over apartments, with the privilege of sub-leasing them at fabulous rents. At the fixed time the property reverts to



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the government. In such remodeled houses 10 per cent of the space had to be reserved for workers. Rent charges were weighted, so that the worker paid little or nothing, and the so-called responsible tenant, especially if he were a foreigner, paid as high as \$200 for two or three rooms with bath. Once a worker got into a room it was almost impossible to dislodge him.

A feature of Russian life is the House Committee, or *Dom Com*. The Dom Com represents economic and political power. If a tenant wants to rent a piano, to change his type of electric light, or to burn coal instead of wood, the Dom Com forthwith forbids the outrage. Life in these apartment warrens is a series of dramatic moments.

A typical establishment near us was the former town house of the Countess Obolenskaya. The house itself has a history of one hundred and fifty years, and was frequented by Pushkin and other shining lights of the past. The hall with its marble columns was divided into four box-like cubicles, reaching about eight feet toward the lofty ceiling. From the cubicles stovepipes led off in all directions. In each cubby-hole dwelt a family. Fourteen other families were bunched around the main floor, with furniture as partitions. In the attic lived the old Obolenskaya

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servants, who refused to be dislodged, and a number of old women who were kept from starvation by the people below. Who inhabited the cellar no one seemed to know.

The tenants included an engineer, a lawyer, two journalists, two factory workers, and several Soviet employees. Nearly all had children. This group was torn asunder by internal politics. For instance, a bit of space became free. The engineer wanted it; so did the lawyer. The engineer then presented the child of one of the factory workers with a tricycle, as a bribe to get support in the House Committee. The matter was settled in court by giving the space to an additional tenant from the outside. There were frequent squabbles about who owned the rubber plant or who should feed the house cat. Often the families were not on speaking terms for months, over the question of who should clean the corridor. As electric current was on a common meter, the monthly light bill generally started a riot, every family accusing the others of staying up nights. The real battlefield, however, was the kitchen. Often ten primuses (the gasoline torch stoves on which Moscow cooks) were roaring at one time, with a family or two doing the weekly wash in the corners. Every housewife had her inches of domain staked off, and it was a trying moment

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for any imperialist who planted a pot on any but her own domain. As wood was expensive, the big stove was heated only on bake days, when each family had to furnish its quota of fuel and argument. The hottest spot on the stove was always captured by storm.

Not all of Moscow has lived this way. Comparative abundance and starvation have existed side by side, as before the revolution. As we were foreigners, and had our own kitchen, we kept a fire in the stove. This was soon discovered by our neighbors. Our kitchen became the political center of the courtyard, the place where the daughters of the revolution cooked their soup. They also made off with the hot water. They were always friendly and grateful. But on soup days our own meals were in a state of indefinite suspension because of the overpopulation in the kitchen.

As soon as it was able, the government began building apartment houses for workers, and they, at least, are better housed today. The interesting thing is that the old jumble of the common kitchen, which we thought would pass with increased construction, is carried over into the new houses. The family apartments are modern rooms, opening off corridors. Cooking must be done in the common kitchen, and feeding in the

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common dining-room. And with the great increase of socialized restaurants home cooking is beginning to disappear entirely for industrial workers.

An interesting development is the new type of socialized city, springing up in the shadow of the great industrial plants of the Urals and elsewhere. Sections of these cities are to be completely socialized, and the rest of the transitional type. Children will be reared and supported by the community itself in kindergartens, schools and high schools. Parents are encouraged to visit the children, but not to interfere with the state training. The immense housing communes will have clubs, gymnasiums, libraries, etc. Food will be cooked and distributed from a single communal kitchen, just another necessary commodity like the water supply. Other such cities are under way for agricultural centers, collectivizing life, and sinking the individual in the impersonal mass man. Even though privacy in rooms is assured to individuals, under such conditions the old life of the family is replaced by life of the herd.

### EDUCATION

In education, aside from the technical training already described, there has likewise been a sud-

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den expansion. Before the war about 7 million, or 50 per cent of the children, attended school. In 1930 there were 11.8 million children in elementary schools, 92 per cent of the eligible children of school age. Since October 1, 1930, there has been compulsory education for all children between 8 and 11, and for those between 11 and 15 who have not been to primary schools. The estimates call for 14 million pupils in elementary schools during this year. But like most Soviet plans, this project is meeting with obstacles. There is a need for school buildings. There are 300,000 primary teachers, but that is not enough. They cannot be trained fast enough for the plan. Since October 1 teachers are given special privileges for going to the country, free transport and living accommodations.

The elementary grade is four years. Then comes the second grade of five years. During the latter two years of the second grade the students must select their vocations, after which they pass into the high schools specializing in the subject chosen. This vocational work is coördinated for the whole Union.

An interesting development is the universal training for the children of each nationality in their own language. The policy of the tsarist autocracy was Russification, the suppression of

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native languages and cultures. Even nationalities which before the war did not have a written language now have schools in their own tongue. Today there are schools in 35 different languages in the Soviet Union. The tremendous importance of this we shall see when we consider Soviet expansion to the East through the policy of cultural autonomy within federation.

The Red Army is likewise a training school. In the past 50 per cent of the recruits were illiterate. After two years of service all but 1 per cent can read and write.

Throughout this vast system of mass education move the social workers and the 'school shifters,' especially the Komsomols, who teach political grammar. The fundamentals of Marx and Lenin replace religion. The quality of the teaching is uneven according to our standards. That has been because of lack of money. However, the expenditure in elementary education has risen from 10 rubles per pupil before the war, to 52 rubles in 1930, with 68 rubles per pupil scheduled for this year. Legally, there is no discrimination against children of other classes. But in the absence of adequate equipment preference is given to children of the proletariat and poor peasants.

All this education is dedicated to industrializa-

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tion, and to the development of 'group consciousness.' Atheism is not taught, but the teaching of Marxism accomplishes the same end. Above all the children are taught through 'pupil autonomy' to decide matters for themselves, as they do, for instance, in the 'Diary of a Communist Schoolboy.' And their ideal of Soviet citizenship is service. Soviet citizenship is not without meaning. A young taxi-driver once took me for a wild ride over the cobblestones. When I called out to slow down, he took his hands off the wheel entirely and grinned like an ape. He loved speed. Whereupon I called him a *durak* — that is, a fool. Upon arriving at my destination I found the place closed and asked him to take me home. He refused, and said: 'I am a citizen of Sovietskaya Vlast, and no foreigner is going to call me a fool.'

The progress in the liquidation of illiteracy has widened the reading public. The yearly circulation of newspapers before the war was 2.5 million; it is now 22 million. There has been such an avalanche of books and pamphlets that the supply of paper runs out periodically. When that happens, the students of Soviet affairs rejoice, hoping it will be less difficult to keep up with the trends. But the printers always seem to get the paper from somewhere. In 1930 they printed on a quarter of a million tons of paper.

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Other means for the spread of culture are the thousands of clubs and reading-rooms. Museums exist by the score in every big city. Especially interesting is the use of the radio, of which there are 2.6 million receiving sets. Radio in Soviet Russia is distinguished from that of other countries by its collective use, its strictly educational character, the complete absence of advertising, and the centralized control of programs.

The loud-speaker is almost everywhere, in the clubs, in the factories, the public squares of the cities, and at the village pump. To stimulate the use of radio sets the 'Radio Shifter,' an automobile equipped with a loud-speaker, moves from village to village as a demonstrator. After a short concert the shifter tunes in with some station instructing peasants how to plough scientifically, how to mulch the soil for drought, how to increase the yield, etc. Then he might turn on another station broadcasting what every mother should know. Regular courses are conducted by radio, as here, in world affairs, health, and natural sciences. But, besides, the Soviets broadcast new laws, legal advice, and party decisions. A special feature is the radio news, which is devoted to different groups at different hours, one for soldiers, one for peasants, one for children, etc. The workers hear the news during the noon rest.



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Under the system of state-controlled economy there is naturally no need for radio advertising, which is at least one advantage to the score of socialism. But it has more than educational value. It breaks through the static of the centuries. It brings the music and cheer of the outside world, even from Berlin, to the far reaches of the melancholy steppe. Whatever scientists may say about the origin of the radio, to Ivan Ivanovich it is the voice of the angels. He considers it a direct gift from the revolution. For forming the common mind the radio is the instrument *in excelsis* of Soviet statecraft. And recently the government from its powerful stations has begun to broadcast to the world in German, French, English, and Swedish. This is radioizing Communism.

### ART

In promoting this Soviet culture a foremost place is given to art. Here, too, the dominating force is industrialization and a general war against the old forms. Our own magazines have been full of articles about the Moscow theaters. Last year a new organization called 'October' was formed, and is now perhaps the largest art association. It sets forth the utilitarian ideals of the proletarian artist on two planes: first to promote ideological

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propaganda through pictures, posters, sculpture, cinema, and drama; second, to formulate collective life through architecture, mass festivals, and in the artistic production of material things, clothes, furniture, household utensils, etc. This is supposed to lead away from representative art of individuals to synthetic art of the masses. In architecture, the cultural parks and the new communal institutions, the idea is to get away from bourgeois individualism, and return to the community expression, such as that which built the Gothic cathedrals. These artists declare that the new industrial technique forces art to keep pace if it is to be a social utility.

By applying that formula to the theater we understand the new economic plays, such as 'Oil,' or 'Lead and Steel.' The purpose behind all this industrial drama is to drive home the economic problems of the country, why food must be exported, why workers must be shunted out to the Urals, or what elements of the population prevent fulfillment of the plan. The stage setting is always mechanical, pipes, engines, and derricks. In an agricultural play a tractor is sure to come rolling on. This is mass education. It makes industrialization a breathless, heroic drama. And at the end of such a performance a member of the shock brigade for theater work

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steps out to the footlights, and says, 'Comrades, this is only a play, but you can make it a reality. Won't it be wonderful?'

In music the formula is expressed in the symphonies of industrial noises, the imitation of the machines, the song of the hammers and the whirring of belts. The factory sirens of a district are harmonized, and directed by a leader waving flags from the top of the tallest building, to produce the siren symphony, the theme song of industrialization.

In other forms of art the same change is taking place. Bustling operas replace the classical types. Ballets such as the Red Poppy, depicting Soviet virtue in contrast to bourgeois vice in China, displace the fairy tales.

In literature the old Russian reflective type has given way entirely to the man of action, such as Gleb in Gladkov's novel 'Cement.' Gleb personifies the revolution. After discharge from the Red Army he returns to his village and runs amuck, and by example of tireless work and constant urging of his less enthusiastic neighbors, by cajoling and whipping them together, finally gets the old factory started again. In Soviet novels the hero is the man or woman who speeds up production.

Soviet art in general has reflected the course of

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the revolution. The earlier plays and novels depicted the civil war, and the conquest of the country by the proletariat. Then followed the era of the NEP, the novels and plays built around socialization and the war on privateers. For a time world revolution was a popular theme. The present era is given over to the technical problems of industrialization, the glorification of the machine, and the sacrifice all good citizens are willing to make so that Soviet Russia will be great among the powers of the earth.

### THE REVOLUTIONARY LINGO

In all this proletarian culture the language is changing. This may prove to be one of the most significant results. Historians are fond of telling us that great social change brings great linguistic change. New and tremendous ideas cannot be expressed in languages which have stopped growing. In the humanly heated crucible of transformation the dross of the centuries rises to the scoop. And along with the system of oppression the terminology of oppression is scooped into the discard.

The Crusades, to cite a classic example, not only hastened the conversion of European society from agricultural feudalism into the commercialism of the rising towns, but spread through

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Aryan dialects the wisdom of the East, expressed in terms of trade, science, architecture, and military tactics. Likewise, the French terminology of social revolution shot like a tongue of fire through the languages of Europe.

With such precedents in mind we may well wonder how penetrating will be the revolution-idiom now evolving in Soviet Russia. This party parlance was at first a flash-tongue, peculiar to revolt. It is now coextensive with the revolution, the Esperanto of socialism. Russian slogans of 1917 reappeared in Canton in 1927, the same terms for acquiring power, the same names for institutions. A Russian who left the country before the revolution would be lost in the whirl of change. His pre-1917 language, formulated by Pushkin and embellished by Tolstoi, would seem archaic. He would need a thesaurus of the revolution-lingo.

Several factors account for the swiftness of language change these thirteen years. The professional revolutionists themselves had picked up in foreign exile an underworld jargon, flavored with students' slang, to which they added the Marxist vocabulary of politico-economico-social terms of class war. Their party parlance sounded strange, but, defining exactly the popular demands, was quickly adopted as word artillery

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with which to demolish the landlord system. About the same time the enormous mass of demobilized soldiers took into civilian speech not only military terms, but the military custom of abbreviating. Officials from their posts of party and government control spread downward an office terminology, which the growth of paper work served to perpetuate and extend. Added to these expediting factors was the craze of the revolution — innovation.

But current speech obeys only one law, that of popular fancy. The leaders merely coined the catchwords which expressed the public mind. One cannot say there was a conscious effort to invent a new language. The new ideas simply overflowed the old dikes. The alphabet was deleted by decree of unnecessary symbols. The method was to simplify the old and create the new. Soon the snowball started, and it is still rolling, coined words, battle-cries of class combat, abbreviations, amalgamated words, 'ation' words of foreign tongues, and words that never had a language before.

Periodically there appears a dictionary of abbreviations. But it is always several months out of date. A newly formed socialist institution takes on a name which is either an amalgamation of the first syllables of the full title of four or five

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words or it becomes known by the initials of such words. In the first case one has some hope of deciphering the title. But when only initials are given, the student is baffled.

The language is losing much of its old poetic overtone. It is becoming not only economic and utilitarian, but also sharper and rougher. The Komsomols, with their extreme aversion for the language of the intelligentsia, are active agents in spreading the *blatnoi musika*, or underworld music, of the homeless children. This jargon of the depths has been popularized, but is often as unintelligible to government officials as to the peasants. The Komsomols profess a cult for the strong befitting athletes who are being trained to conquer. Naturally, innuendo is a bourgeois art not to be tolerated by strong young people of the new order. A spade must be called a big strong shovel to demonstrate the speaker's glorious freedom from the shackles of old proprieties.

This coarsening tendency is frowned upon by the elders of the party and government. And yet the new Rabelaisian idiom, racy of the depths, is what is heard in the street. The government does encourage the new strain of ribaldry which relieves the seriousness of the march to socialism. A foreigner can spend mirthful days just wandering about listening to the latest jokes on the

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Soviet régime. For instance, the Communist Party seeks as recruits the *rabochi ot stanka* — that is, the worker from the machine — and the *krestianin ot sokhi* — the peasant from the plough — to make the rock-bottom proletariat without the slightest bourgeois taint. And thus the Komsomols sing: ‘Give me, please for a ruble fifty, a father from the machine, a mother from the plough.’

In the land of Peoples this and Peoples that it follows that words which emphasize old class distinctions are forbidden. In address, *Gospodin* (Mister) and *Barin* (Master) are replaced by plain *Grazhdanin*, which is citizen. *Tovarishch*, once applied indiscriminately, is now restricted to party members. *Chinovnik*, since the time of Peter the Great the designation for office-holders by grade, or *chin*, has given way to *sluzhashchi*, those who serve, the employees. There are no more policemen in Russia. *Militsia* perform police duties, but only blow their whistles when the citizens misbehave. No longer may the bourgeois gourmand shout: ‘Hey, Chelovek!’ to the waiter in the restaurant. He must address him as *Grazhdanin*, in keeping with the dignity of labor. And many a factory manager has landed in court for raising his voice to stentorian tones in addressing his workers.



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The Communist doctrine itself has caused many of the changes in terminology. Prisons, as such, no longer exist. There are places of detention, and houses of correction, also isolators, in which the social disease of crime is cured. A criminal is withdrawn from circulation in the hope of reforming him. If ten years will not effect the cure he should be done away with. *On saditsya* — he is sitting — is the phrase to indicate that So and So is in prison. The word 'censor' is also obnoxious. The official who performs surgical operations on the cable dispatches of correspondents is the 'political controller.' His business is not to censor, but just to prevent foreigners from making mistakes.

The Moscow rulers did not emulate the French revolutionists in renaming the months after the prevailing seasons. They did try to give revolutionary names to religious holidays. But the peasants simply refused to call Christmas the 'Day of the Red Star.' And these holidays have been abolished since 1929.

As atheists the Communists do not christen their babies but 'October' them. October is the generic term synonymous with the revolution, even though the shift to the Gregorian calendar makes the celebration of the revolution fall on November 7. We could mention many significant

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changes, if space permitted. The word *venchat-sya*, to wed, has been driven out of use by *raspi-satsya*, to sign your name. A beautiful old word is *proshchat*, meaning farewell, or forgive me, according to the aspect used. One never hears it now. Even when parting for a long time the new people say, *poka*, meaning until, or So long. Paradoxically, *spasibo*, thank you, from the roots 'God protect you,' clings to revolutionary speech.

Most things have names in Russia, the locomotive, the factory, the village reading-room, the tractor. The purpose is to keep inspiring names before the eye. But the majority of the 'little brothers' never heard of the hero nor of his glorious deeds. The names of many cities have been changed. Streets bearing offending names have likewise been 'Octobered.' But the *izvozchiks* profess ignorance of the new official titles. To get about you must know the old names. The sign in the main square in Moscow declares that it is Sverdlova Ploshchad, but the people call it Teatralny, after the big theater. And Nevski Prospect in Leningrad is October only on the map.

Class consciousness demands that children born these stirring times shall be named not after the saints, whose bones have been proved devoid of the supposed miraculous power, but

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after revolutionary heroes and fighting qualities. Many names are concocted from the syllables of Vladimir Illich Lenin — Vladilen, Vilen, Leniana, and Ninel (which is Lenin spelt backward). Also one hears the young called Stalina, Revolutsia, Terror, Oktiabrina, Dekreta, Krasnoslav (red glory), Volya (will), Sila (strength), Smena (change), and others of even more striking allegorical significance. One can only wonder how young Terror, grown to maturity, will bear out his name when he begins to woo, say, Miss Revolutsia. Of course, romantic love is a bourgeois prejudice; all is science in Sovietskaya Vlast. These few illustrations indicate change, not only in thought, but in the medium of expression itself.

## RELIGION

Now, this mechanization of life which we have been describing is carried to the extreme in the war on religion. To follow through our method of investigation we should have to bring up the past and show how the church became the political instrument of the autocracy and the barrier to social reform. The old Orthodox church had much that was good and much that was very bad. It had noble figures, endowed with real spiritual power. When compared with the Latin church

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its intellectual contributions were insignificant. The mass of the village clergy was illiterate. Nevertheless, that church gave us what is perhaps the most beautiful music ever heard by man, music which reaches heights known only to the Slavs. It gave likewise an original richness and mysticism in the ikons and Eastern service. With the passing of that church much of the beautiful was lost, along with the ugly corruption of the church-state.

The first revolution, March, 1917, meant, among other things, restoration of freedom to the church, lost centuries before. The patriarchate was brought back. What the Russian church might have become had the provisional government endured, we shall never know. Reform was in the air.

Then came the Bolsheviks. To them religion is only one of the forms of idealist philosophy, which is bad for the masses, as it turns the eyes toward the world to come and away from the problems on earth. They seek to create a new world by militant materialism, to replace the worship of God with worship of man himself and the machine. They contend that religion is a factor in oppression, that faith in a better life in the world to come is produced by oppression in this world, and that as people rise from pov-

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erty they lose interest in future salvation by the effort to make the present world a better one in which to live.

It is interesting that many of the sectarian creeds, of which there were large numbers in Russia, had a certain resemblance to Communism. The Old Believers, who stood for the exact letter of the prayer books and liturgy, as before the revision of the seventeenth century, fought state control of the church and promoted popular education. Then there were the spiritual Christians, resembling our Quakers, who believed in having no private property. We are familiar with the Dukhobors in America. Other sects, such as the Stundists, the Baptists, and the Lutherans, emphasized Bible reading. Then there were the mystic sects, such as the Khlysty, to which Rasputin is supposed to have belonged; also the Skoptsy, the cult of self-mutilation, accused of debauchery. A common characteristic of most of these sects was that they believed God created men to be brothers, that the cause of evil was possessions, and that the solution would be to wipe out the distinction between rich and poor to make a classless society. It is interesting that the Russian word for God, *Bog*, comes from the same root as *bogaty*, which means rich. Some investigators estimate that the number of sec-

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tarians and their sympathizers included before the war one third of the Christian population of Russia, but that is hard to believe.

At any rate, here was a large religious group which suffered less than the Orthodox church from the revolution, because it was less vulnerable. The Baptists and Evangelicals competed with Karl Marx more successfully than did the old church. But eventually the sects also came under the ban in 1929.

Everything in Russia falls into the slots of the three periods we have noted. Military Communism was a time of outright persecution, shooting and exiling of priests. The church was separated from the state and from the schools, and all its property was nationalized, to be granted in usufruct. The NEP brought a measure of tolerance in religion, as in economic fields. In 1923 the Living Church, or Free Church of Fighting Workers, was organized. It has not developed in importance. Then the Socialist Offensive since 1928 reintroduced direct persecution in the Communist drive to capture the Russian soul.

The Bezbozhnik, or Godless, Society for spreading militant atheism increased its membership from a quarter of a million in 1927 to two million last year. It is this society which brings

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pressure to bear on local groups for the closing of churches. Considering the housing shortage, and the need of all possible buildings for economic use, the Bezbozhniks always have a forceful argument to convert a 'useless' church into a 'useful' granary, a garage, or a clubhouse for workers. There are anti-religious museums, anti-religious textbooks, and the society publishes a newspaper and a journal. There is even socialist competition among the members to see who can accomplish the most. They spare no religion, Christian, Moslem, or Jewish.

Of course, the Bezbozhnik Society is not the government, although it has affiliations with the Commissariat of Education. It is not the Communist Party, although 50 per cent of its members belong to the party or to the Komsomols.

The renewed persecution in 1929 took the form mostly of economic measures and the prohibition of missionary work, which hit the Baptists and Evangelicals in particular. Nor are religious societies allowed to collect money from their members. No religious training is permitted. No figures are available as to the number of priests killed or exiled since 1917. But as the old priests die, there are no young priests to take up the mantle in Russia.

According to the figures of the Godless society

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3450 churches have been closed since the revolution, but 50,000 are still in the hands of their congregations. That does not mean that services are held in these churches. A church is closed by the vote of its congregation, if attendance has fallen away, if the cost is too great, or simply if the state decides that a particular church is needed in the economic program. The state transcends the law, and the vote of the congregation can be influenced. Legally, atheism is not on the curriculum in the schools; but it is insinuated.

The priest, denied the right to hold land and having no means of livelihood, came to rely on the only element in the village who could give him food, namely, the kulak. This natural alliance between the priest and kulak means that both are 'liquidated' at the same time as economic enemies of the state. The drive for collectivization and the drive on the religious front go together. In 1929 the pressure was intense in both policies. In March, 1930, it slackened off to a measure of tolerance. Stalin has just now announced a renewal of the drive to complete collectivization. Religion shares the fate of the individual farmer, although it no longer appears in the news.

Now, there is undoubtedly some truth in the Communist contention that the superstitions of



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the peasant prevent scientific farming. Waiting till St. Nicholas Day to plough is a custom which comes down the centuries. It is the ancient Festival of Adonis, the pagan worship of fertility, with a saint's name tacked on to it. I once arrived in the village of Saburova, between Moscow and Riazan, just in time for the feast of the Mother of Kazan. The religious service took just forty minutes. The festivities lasted three days, bazaar, merry-go-round and all. That was in July, during the harvest of winter wheat. It was threatening rain. I asked the village starosta: 'Why not postpone the Mother of Kazan and get the grain shocked before it rains?' He replied with the usual *Chert s' nim*, the devil take it.

Last summer in Moscow I missed the bells. No longer are there forty times forty churches. In fact there were never more than a thousand. At any rate, many have been demolished, some because they were decrepit, some to widen the streets, and some to get the bricks. Along many of the side streets were long piles of these bricks, with gangs of workmen breaking big bricks into little ones. Down the street was a huge concrete mixer, with a likewise huge inscription, 'Made in Milwaukee.' The rubble of crushed brick was being wheeled into the big maw of the machine. From the spreader end emerged the concrete to

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make street paving. Moscow thus walks on what was the church.

The Iberian Shrine is gone. For eleven years that lighted shrine, by the gate leading to the Red Square, challenged the sign overhead to the right, 'Religion is Opium for the People.' It disappeared during the night, in August, 1929. The sign has triumphed over the shrine, for the present. The ikon of the Iberian virgin is hidden in a museum, not to be displayed for fifty years, until the people will have lost their belief in the miracle-working powers of ikons. That is the socialist ending for an ikon which led processions to ward off plagues and calamities in bygone centuries.

But this militant materialism of the Communists paradoxically becomes a religion. Ignorant people must have a symbol, be it an ikon, a picture of Lenin, or the red flag. The Communists are attempting to replace traditional religion with a code of morality of their own, based on civic virtue and devotion to humanity within the limits of ruthless class struggle, and further to replace the objective of paradise to come by one attainable now, and to replace God by man himself, and the power of man symbolized in the machine. Their teaching has been more successful with young people than with the mature.

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There is a strong counter-drift back to traditional religion by people who cannot accept militant materialism, and who will continue their faith underground, whatever the restrictions. But the whole set-up is against religion. And the unbroken week abolishes Sunday. The general effect is that Russia has been changed from a land of churches and monasteries into a land of workers' clubs.

However, with our knowledge of human nature, we can be sure that what is true and abiding in religion, what comes from man's inherent need of God, from within himself, will remain and be purified. What passed for religion as a department of state, the overhead of political autocracy, and what was superstition to be dispelled by enlightenment — that will probably be gone never to return. The fact remains that the great mass of Russian youth is growing up without God. But that Russia is without a soul, I do not believe.

## EQUALITY

Another interesting phase of the human problem is the so-called equality. Strange as it may seem there always was a kind of social equality in Russia. The relations between individuals of the various classes were free and natural, without

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formality or inhibitions. Servants used to sit in the best room and gossip with the master. The revolution only legalized a social equality which was instinctive.

In economic affairs inequality continues. For one thing, there is piece work. And the economic reward is scaled according to the skill required, just as elsewhere. The technicians are more important to the state, as individuals, than are ordinary workmen, even though the latter rule as a class. All useful labor is not only dignified, it is glorified. And every citizen is called upon to serve according to his capacity, which he must constantly endeavor to expand.

### EMANCIPATION OF WOMEN

The complete emancipation of women stands as the achievement of the Russian Revolution. Even the harems of Central Asia are breaking up. Women have equal rights with men in every activity. They won this right fighting shoulder to shoulder with the men during the civil war and in all the economic struggles since. In many ways they have demonstrated a stamina superior to that of man and a remarkable capacity for politics in the party and government. By offering women the stimulus of equal wages for equal work and equal opportunities for training along

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with the men, the Soviets have doubled their potential labor force. More and more the women are released from housework. The crèches, kindergartens, and schools take care of the children. The socialized restaurants and coöperatives release them from cooking. So they are drawn out into the wide life of public service, serving equally with men, in hard work, in brain work, and even in dangerous work. Women are everywhere, in the army, the air service; one is Commissar of Finance, RSFSR; one is diplomatic envoy; many are distinguished judges in the higher courts. This transformation is now moving faster. The collective farm really emancipates the individual peasant woman from the old subservience to the head of the household. And the pendulum has swung so far that the insatiable fire-eaters in the war on capitalism are not the men, but the Komsomolkas, Amazons thirsting for action.

### MARRIAGE AND DIVORCE

Marriage and divorce are both obtained merely by civil registration. Violation of marriage is not an offense. Bigamy itself is not a crime. But to commit bigamy a person would have to make a false statement about his previous marriage. It is that statement which makes the offense.

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The main purpose is to facilitate both marriage and divorce, but at the same time protect the material interests of all concerned. By the 1927 law the property brought to a marriage by husband and wife remains his or her property on separation. The property acquired after marriage is common and must be divided between them. This gives the wife full independence, especially if she is not acquiring property, but doing housework.

For a divorce only one spouse need declare his or her will to the registry clerk. Rumor has it that a divorce can be obtained merely by writing a postcard to the party of the second part. That is not true. The applicant must sign the book.

Cohabitation without registry is likewise legal. All children are legitimate. There is a powerful brake on the marriage turnover in the form of alimony. The Soviets make alimony payable either to the wife or the husband, according to the conditions of earning power. That is, a man can divorce his wife, but he may be bound to support her for a period fixed by the court. If the husband is unable to work, it may be the wife who must do the supporting after separation. If there are children, either in a registered marriage or from cohabitation, the law fastens the support of the children until the age of eight-

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een on one or the other of the parents. Before 1927 it was generally the man who was charged with this support. But the women over-enjoyed their revolutionary independence. There were cases in 1927 showing that certain women were receiving alimony for the support of children from three different men. As alimony involves one third of the man's salary until the child is eighteen, such women were receiving three thirds, or 100 per cent salary, as alimony until the children began to arrive at legal maturity. So the law was changed. Needless to say, this economic responsibility for the results of marriage made the men rather wary. In 1927, I knew Russians who would flee at the sight of a woman, because, they said, it would only lead to alimony. So while there was considerable license in the early years of the revolution, the system has shaken down into something amazingly moral. It is the old economic interpretation of history applied to marriage with extraordinary results. Relations are free, but economics must be considered.

There are other developments of the marriage law. A woman does not have to take her husband's name. She does not have to live in the same domicile nor follow him in change of residence. Nor is her nationality affected.

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The housing shortage complicates marriage. A man may be deprived of his room for some reason. He might then look for a woman who has a room, and marry her if he can. It might prove to be a mistake, that they are incompatible. Then the woman goes down to the registry and signs the divorce book. She comes back and tells the husband: 'You're divorced, here's your hat, or rather, your cap.' But he says, '*Nitchevo*,' and refuses to vacate. To get rid of him she marries some one else, and brings home husband No. 2. They both tell the ex-husband to move out into the wide life of the town. He then reports to the House Committee that his ex-wife is trying to eject him. Whereupon the House Committee calls on the wife, and tells her that Ivan Ivanovitch must not be put out on the streets, as he is a worker, or an employee, or something. So they all three settle down to enjoy life in one room. They do it with good temper and amazing unconcern.

Very often one's Russian friends will say, 'There goes an old wife of mine.' An electrician once came to repair our lights. He addressed our cook by her Christian name. I asked her how she happened to know him. And she said, 'Oh, he was my husband in 1923.'

Now, all this leads to international complica-



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tions. Most countries do not recognize Soviet marriage and divorce. But the system seems to be adapted to collective society and is working out in a moral way. The worst feature, from our point of view, is the recognition of *de facto* marriage, equalizing legal and extra-legal birth, which must in the long run break up family life.

### COLLECTIVE MAN

The general question in America is: Are the people any better off than before? One answer would be to tell of the Alexandrite. This is a gem, more costly than the diamond first discovered in the Urals in 1833, and named after the tsarevich who was to become Alexander II. The Alexandrite is green in the daytime. At night, under artificial light, it turns fiery red and gleams like the star Acturus. Russians are better or worse off according to the light used in looking at them. Some foreigners see only the unfortunates, the non-citizens. To them Russia is cold, sordid green. Others see only the workers building paradise. To them Russia is brilliant red. Still others are aware that Russia has both extremes of color, and all the shades in between. My own opinion is that the sacrifice of welfare, and the patience to endure that sacrifice, have entered a race, of which the outcome seems in favor of the

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state because it can relax the pressure at will.

The substitute for material goods in Russia is intoxication with change and public service. The Communists have aroused a consuming enthusiasm for service, in the opera singers who go to the fields to sing to the peasants taking in the harvest, in the traveling free theatricals to entertain the industrial army, in the unceasing effort of all with a little culture to impart what they know to 'the dark people,' and in such efforts as the business-like and humane solution of the homeless children problem by volunteer work of the Komsomols.

The picture of Russia today shows a whole people energized and galvanized into action, a people who never were punctual and who had no conception of time. The high note of industrialization is the syncopation of labor, not the slow rhythm of the *fellahin* lifting water to the *shadufs* swinging along the Nile, nor the song of the carrying pole and the heave of the coolies on the towline of Chinese river junks — not these, but the merciless beat of the pile-driver. Human power must keep time with the machine power, stepping up the tempo as the wheels accelerate their spinning. At present that machine seems to have no governor. Whether or not this will change the 'little brothers' into mechanical

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robots who can move only like wooden soldiers is a question.

The product of this crucible of change is collective man. The individual is never alone. Children are trained in group action and group responsibility. This undertone and overtone of Russian life is heard best in the full volume of the mass singing of soldiers who march past when the Kremlin changes the guard.

The implications of collectivism might well give us the shudders. It destroys many of the things we hold dear, including family life and freedom for religious worship. But in economic results, there can be no doubt of its effectiveness. Production does increase. Cost is cheaper, at least while welfare is sacrificed for the good of the state.

The 'little brothers' are unaware of the historical significance of what is happening to them. It means that a whole people, made fluid by tremendous events, are being repoured into a collective mould. It has not been long since serfs were currency in barter and exchange. From serfdom to collectivism is a long step, even for Russia. The result seems to be an athletic, healthy, energetic, creative but unromantic, moral but utilitarian and Godless, new creature in the social cosmos of man.

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Human kind has never produced a creature like this impersonal mass man, the synthetic beehive, destined to rule Russia in the years immediately to come.

## CHAPTER X

### *The World Issue*

TAKING the long view, the world issue raised by the Soviet system seems to be this: Is the apparent economic success of collectivism in Russia the result of peculiar conditions which do not maintain elsewhere; or is the major implication of the machine age in which we live such that the entire industrialized world must eventually adopt collectivism as the only remedy for the self-destructive crises of competitive society?

We can approach an answer to this question only after we stop trying to measure the strange forces for which we have no measuring rods (such as the cost of production under socialism, or the exact degree of compulsion behind socialist labor), and frankly recognize the final issue to be, not between forced labor and free labor, but between two economic systems, between co-operation and *laissez-faire*, between collective man and individual man.

That issue is the most momentous ever confronted by the world as a whole. It is all the more weighty because of the coincidence be-

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tween the Soviet burst of industrial expansion and the period of capitalist depression. In the absence of markets, the world is out of joint for the average business man. His psychology at present is not unlike that of the dog in Pavlov's experiment.

Ivan Petrovich Pavlov, the greatest of all physiologists, who is protected in Russia by the express will of Lenin, has been working for half a century to formulate the laws of the human brain. He has a splendid laboratory in Leningrad, with sound-proof towers, padded and insulated experimental chambers. Consider one of Pavlov's simplest experiments. He takes a normal, healthy dog from the streets, pursuing a dog's life with gay companions, and puts him in harness on one of the tables in the sound-proof room. No stimulus can reach the dog save by the will of the operator, who makes observations through the periscope. Into the dog's mouth is placed a suction tube, and other tubes are attached to his stomach, to register the flow of saliva.

Many kinds of stimuli are used. The simplest is the ordinary metronome. The first step is to set the metronome at one hundred beats per minute. At the same moment the tray in front revolves, and there is a dish of food. This is

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repeated until the dog connects the sound of the metronome with food. Accordingly the saliva will flow with the metronome, with or without food. That is the positive conditioned stimulus.

There are also indifferent stimuli, to which the dog is trained not to respond. Then the metronome is set at fifty beats. The tray revolves, but there is no food. The dog is confused at first. But after repeated attempts he learns to distinguish between one hundred beats, the positive stimulus with food, and fifty beats, the negative stimulus, without food. The negative is thus established as an inhibition. The saliva flows for the positive, but not for the negative.

Thus far the dog is merely being educated to things he ought to know. His brain reactions are registered by the flow or lack of flow of saliva. Then comes the real test. The metronome is set at seventy-five beats. The dog is puzzled, undecided. Is it food, or is it not food? The saliva will flow in jerks, then stop, then start again. He looks around, begins to bark, and tries to break out of the harness. The remorseless seventy-five beats go on and on. After a time the dog usually lies back in the harness and begins to whine. His tail droops. He gives up. When the beat goes back to one hundred, and food appears, he is no longer interested. He just feels sorry for

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himself, a complete case of neurasthenia established in four or five hours. Pavlov has also been able to cure the dog with bromides and rest.

Now, the dog's mental breakdown results from frustration. He cannot strike the balance between the processes of stimulation and inhibition to which he had been educated. For him, the problems of differentiation are too enormous, hence the resulting neurasthenia.

We may apply this formula to the world at large. There is a cross-beat cutting in on the symphony of ordered existence, something between positive and negative, the uncertainty between food and no food. That twilight tone in the music of the spheres drowns out the old rhythms of fulfillment and non-fulfillment. For us the nerve-jarring cadence is the ceaseless pounding of the new world social and economic forces on tense framework of the political *status quo*.

The traditional method in the study of international relations is to weigh carefully what diplomats said or wrote on specific occasions, the noble words of sacred treaties, and the talky-talk of gorgeously arrayed plenipotentiaries in international parley assembled. The statesmen foregather, exchange courtesies according to pro-



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to col over the wine, assure each other of their respective desires for disarmament and harmony, and all is Balm in Gilead until the unexpected happens, the bolt of thunder through the static of serenity. And then every one is surprised and pained by what the Bolsheviks have done, or what Mussolini has done, or what the people of China or India have done.

For years we have been studying that façade. Governments proclaim their high intentions, but forces bound up with land and people prevent action, or dictate action in a direction opposite to that proclaimed. There is a wise observation, ascribed to Dwight Morrow, that we judge ourselves and our own nation by our intentions; but we judge other people and other nations by their acts.

The fundamental forces of Russia we have attempted to define in general terms of economic pressure, ideological pressure, national intoxication for change, and the driving energy of a people recently unshackled from serfdom. The energy of the Russian people, pent-up for centuries and released by the revolution, might have taken any of three directions. It might have found outlet in foreign war, as did the French Revolution. It might have expended itself in civil war. Or it might have been harnessed to

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work. The economic backwardness of the country made work the choice.

We have felt these fundamental forces in Russia at close hand. But to gain an idea of the direction they will take in the future, we must get off in the airdscape so as to view the whole world in a sweep. From out there we get a perspective of the doings of mankind in their true proportions, and their inter-relations, not by countries, but by continents. To gain perspective, we must leave most of our factual equipment behind and get into the upper strata of ideas. For this we need vision.

In the world are two billion people who have trebled their numbers in a century and a quarter. The friction between nations has become extremely acute since the war because of the unequal distribution of the sources of economic power. Some states are saturate and desire to preserve the *status quo*, which involves privileges derived from economic power acquired in other days: Other states, previously backward, have been emulating the favored states, and have begun to grasp for more economic power, which they can obtain chiefly at the cost of those states already entrenched.

Into this formula of advanced and backward nations we can fit the present economic crisis, the

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first in history to shake the entire world at one and the same time. The general cause is excess of productive power. It is estimated that the world's capacity to produce is fifty per cent greater than the world's effective consumer demand. The picture shows that the advanced nations are weighted down with goods for which there is no market. Hence the shut-down of over-expanded industrial plant, and unemployment. It likewise shows that backward nations lack purchasing power, and that they themselves have been feverishly building industrial plant to supply their own needs. The spread of industrialization is thus the prime cause of world distress. Into this picture there comes a new nation, equipped with a new system and a potential productive power which is immeasurable. This is the impact of socialism on a world already saturate with grain, cotton, and manufactured goods. It means that socialism, after a century in the nebulous region of doctrine, has finally entered the realities of big business.

The issue is clearly drawn. The constitution of the Soviet Union opens with the statement that the world is now divided into two camps: the camp of capitalism and the camp of socialism. These two camps are diametrically opposed to each other in political, economic, and social

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principles. When directly opposite forces line up against each other, and both want the same thing, conflict must result. That such conflict is only a matter of time is the conviction of Moscow, and of students who have made anything like a profound study of the temper of the forces at work in Russia.

If any one doubts that Moscow conviction, let him read the stenographic reports of the Sixteenth Communist Party Congress in the summer of 1930, or the resolutions of the Executive Committee of the Comintern regarding the world crisis of capitalism. Of course, gloating over the troubles of capitalist countries is not new. But there is now a *crescendo* of triumph. The Communists marshal facts to prove that the decay of capitalism has intensified since the war, that its equilibrium is undermined, that there must now ensue a revolutionization of the world proletariat which will transform this economic crisis into a political crisis, and that the bourgeois countries in an effort to save themselves will resort to war on the Soviet Union. The last war gave birth to the Russian Revolution. The next war will be the prelude to world revolution. Class war is expected to transform the world, now divided into vertical compartments, the national states, into horizontal layers of capitalists and laborers.

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To that end the sections of the Comintern in the various countries have been instructed to organize a widespread publicity campaign everywhere for defense of the Soviet Union against the expected foreign intervention.

### THE SOCIALIST CAMP

Now, the conflict between these two systems takes the form of a struggle for economic power. We must therefore draw up a balance sheet of the sources of power in the socialist camp. These we cannot measure, but we can acknowledge their existence.

In the first place, the Soviet Union is the largest single territory of the world. It has natural riches beyond compare, nearly every known mineral, the exploitation of which has only begun; forests so vast that cutting one fourth of the annual growth has already disturbed the world lumber market; and millions of square miles still awaiting the plough. In 1930, one fifth of the cultivated area of the globe was in the Soviet Union. Nature made Russia on an immense scale, a food-producing area without a rival. The application of science to these gifts of Nature is the foundation of the Soviet challenge to capitalist economy.

Secondly, we find Soviet Russia under a politi-

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cal and economic dictatorship. It is not to be compared with any other single country because its immensity makes it a continent apart. The socialized economy of unified plan and control permits redistribution of the national income within the continent, thus coördination of resources and focus of all the economic power in the hands of the state. Protection against the economic laws of the outside world is provided by the foreign trade monopoly. This permits such keen students as Salvador de Madariaga to say that Soviet Russia is the only part of the world today in which there is order applied with intelligence and perseverance worthy of human beings, while the rest of the world is in a state of anarchy. And further, declares Madariaga, the contrast between a scheme that is consistent and a complete lack of scheme is both a very disturbing and a very stimulating factor, which is advancing the cause of Bolshevism in the world. The advance, however, is kept within bounds by the absurdity of its own propaganda.

Thirdly, the Bolsheviks are undoubtedly transforming Russia from a backward agricultural country into a comparatively advanced industrial one at an unprecedented rate of speed.

Fourthly, that transformation is being effected at a human cost yet to be determined. The im-

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mediate welfare of a whole generation is bartered for industrial plant. This sacrifice weighs heaviest on the classes not favored by the state in its social program. Such classes are being gradually annihilated.

Fifthly, there seems to be emerging a new type of social creature, the collective man, the mass impersonality of work bees in the hive, with a new culture, a new language, new social forms, and new customs.

In sum, the Soviet state is a controlled machine which can hurl enormous economic power into the conflict with the opposite camp. This state is seeking new markets. With the resources of a continent and the pocket money of 160 million people at its command, it can sell for any price in order to get foreign currency with which to buy more machines. Its internal power enables it to export food needed for home consumption. The Soviet exports were valued at half a billion dollars in 1930, an increase of 21 per cent during the year, whereas the average decline of export by other countries was about 12 per cent.

Russia's wheat belt, more than 3000 miles long and 200 wide, is the celebrated black soil, a rich humus of decomposed steppe grass, the finest wheatland in the world. Moreover, it is level, with an ideal rainfall of 16 to 20 inches. Much of

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this virgin land still awaits the tractor. Among the exports in 1930 were 3.5 million tons of grain, of which close to one million tons were wheat. The grain crop in 1931 is expected to exceed 100 million tons. (In American terms this is 3.6 billion bushels. The export surplus of wheat is expected to be 200 million bushels.) When the new South Siberian trunk railroad is finished, a matter of connecting links between Troisk, south of the Urals, and the port of Rostov, Russia will be in a position to smash the grain market of the world.

Other exports are gathering in volume, oil and cotton cloth to Asia, sugar, and an avalanche of cheap conserved food in the form of canned fish, and of fruit which now rots on the ground all over southern Russia. How can we estimate the cost of production of these commodities when the state pays no rent for the land, and pays its labor in sufficient rations to maintain working strength and the rest in enthusiasm for building socialism? The so-called dumping is bound to lead to increased embitterment as the competition sharpens.

This Soviet system has been made possible by the international situation since the war. The capitalist camp has been divided into victorious and defeated nations. Germany, writhing under



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reparation debts which mortgage her children's children, over the loss of the Polish corridor, and the denial of the *Anschluss* with Austria, has sought a counter-weight against France in the bugaboo of Bolshevism. Year by year the European line-up has become more favorable to the Soviets. Italy has now joined Germany in economic collaboration with Moscow. And other defeated powers, Hungary and Turkey, for instance, have thrown their influence into the scale. Moreover, many of these governments have guaranteed credit to the Soviets in order to get the trade, Great Britain, Germany, Austria, Italy, and Norway, to mention the outstanding examples. The present world depression finds these nations at war with themselves over desire to sell to the Soviets and desire to curb Soviet dumping.

Will the Soviets succeed in smashing the world market? The consciously righteous assure us that Soviet Russia is a giant of straw. There are many weaknesses in this forced expansion. The foundations are not all concrete and steel. But the issue will probably be forced before those weaknesses become decisive in the conflict. The inadequacy of transport is serious. The lack of training is the chief obstacle to fulfillment of the plans, but the state is evidently willing to import

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13,000 more foreign technicians this year. With universal unemployment in the capitalist world, such technicians will be found, at low salaries. Self-preservation continues to be the first law of nature.

Unless an economic blockade or actual war intervenes, the Soviets will go on building socialism. An economic blockade could, in reality, only slow up the tempo. Even if the Communists were removed, these socialistic institutions would most likely remain, at least in part. But what happens after the peasants do become group conscious, organized in collectives? Is that not a potential opposition to the state? From one point of view, it is. From another point of view, collective man does not revolt. The pendulum may swing back after socialism is achieved and the enthusiasm of building something new has given way to the commonplace routine of existence. Then human nature may prove as unchangeable as it has in the past. This sharing of collectivism may prove, in the end, to be only another instrument for correcting the economic backwardness of Russia. The real danger to Soviet plans will probably be prosperity. Collectivism, with force behind it, is working in scarcity. Can it work in abundance, when force is removed? That contingency is far off.

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On the military side, what is there to fear from Russia? Is there to be a Red Napoleon? Immense distances have always protected Russia in the past. But this centralized control and industrialization make the country more vulnerable. There are more vital chords. Suppose, for instance, an Allied navy broke through the Dardanelles and landed an army of occupation in the Caucasus to seize Russia's oil supply. It would not be difficult to hold the line of the mountains. In view of such danger the Soviets have concentrated on aviation and chemical warfare, in which they have the aid of foreign technicians. The Red Army is consistently quoted at 562,000, but the entire country has been taking military training in some form or another. It is estimated that the Soviets could put fifteen million troops in the field for defense of the country. And any one who believes that the peasants will rise up to support foreign invaders just does not know his *muzhik*.

In the final analysis, have the Russian people any particular gift which will enable them to compete with more advanced people? To my mind, they have a demonstrated capacity for co-operation. If the machine age necessitates intense coöperation between people, then the Russians might be in advance of the procession.

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By using some imagination we might compare this socialist construction to the solar system. The planets rotate and revolve in fixed relations. Out on the fringes there are commotion and irregularities. But they all revolve around the sun, and the whole solar system moves by some law in time and space toward the Constellation of Hercules. The socialist construction of Russia likewise has fixed relationships, commotion and disorder, all revolving with faster and faster velocity around a central force, and the whole system by the logic of its nature is moving in time and space toward a single fixed objective, — World Revolution.

### THE CAPITALIST CAMP: AMERICA

Now, what does all this mean to us as Americans? We, too, have our problems of adjustment to the machine age. What can we learn from Russia? In the first place, we have a system which is wanting in many ways, but which has raised us from an agricultural colony to pre-eminence, the model for all countries seeking to improve their relative prosperity. Moreover, we are predominantly a middle-class nation, with a more even distribution of wealth than in any other country, except Russia.

We can eliminate the factors in the Russian

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situation which proceed from the country's backwardness. We are not economically backward. And the Soviet methods of applying capital and labor may be successful in correcting backwardness, without being able to advance after that is accomplished. Politically, we have a pronounced aversion to dictatorship. Socially, the very thought of collective living is obnoxious. Economically, we would not tolerate pauperization of our people for the sake of strengthening the state. Is there, then, nothing America can learn from Russia?

As an individual, I believe there is. But, first, who is competent to judge? The Russians who lost by the revolution, even though sincere, which they all are not, are naturally too bitter as a class to help us much. The Russians who won are too eager to justify their gains. Americans who are losing money from Soviet trade, and those who are consciously righteous in condemnation of everything un-American, are not worthy guides. They want the Soviets to lose. Nor can we rely on Americans who are profiting from Soviet trade, nor the emotional reformers who would welcome destruction of our cherished institutions in order to effect a number of desirable changes. Such Americans may want the Soviets to win.

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To my mind, the only competent judge is the American with an alert, inquiring mind, who rates somewhere in the middle of the average economic power — an American who owns his home, and perhaps an automobile, and has a growing family, which he would not like to see collectivized, but who has no coupons to clip and no means of income but his hands and brain. It is impossible to find the average man, but his judgment on what is happening in Russia would be interesting. Supplying him with unbiased information might be difficult.

Eliminating all the minor merits of the Soviet system, such as social insurance and labor hours, also the social consequences of collectivism, this average man would probably fasten on one advantage which we could establish in our own country. That advantage would be sufficient state planning, based on private property, to permit coördination of production and consumption, the lack of which has produced the present world crisis. Mere information about pending overproduction does not bring results, as evidenced by the warnings to cotton-growers in the South. Each farmer depends on his neighbors to curtail production, while he grows all the soil will yield.

We must have some measure of planning to

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overcome the technological unemployment, and to give the highest possible wage to labor, along with security of employment and provision for retirement. The ruthless competition of *laissez faire* must be curbed. And we must realize, late or soon, that we cannot retain our grip on both ends of the horn of plenty; we cannot keep the gold coming to our shores when there is no loose gold. Nor can we force debtor nations to pay us principal and interest on the outstanding sixteen billion dollars abroad, and at the same time buy our wares. We are entering an era of intense competition with a closed and controlled economic system. To rely on *laissez faire* would be like matching an army of scattered volunteers against a professional army able to concentrate and to smash the volunteers in one position after another.

Of course, we have already taken halfway steps toward planning. During this depression the various states and our federal government are devoting huge sums to public works in order to take up some of the slack of unemployment. Our Federal Reserve System is certainly a successful effort toward financial planning. The Interstate Commerce Commission regulates the movement of goods in the interest of the public. The state public utility commissions protect the

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interest of the consumers in rate charges and prevent duplication of equipment by competing services. The radio channels of the air are assigned to the various broadcasting stations by the federal government. Coördination in highway building has been worked out between states, so that splendid roads are less likely to end in trackless wilds upon reaching the frontiers of other states. But all these are concerned with finance, utilities, and traffic. Production and consumption remain unbalanced, and the uncertainty of employment remains to harass the workmen and make them ready listeners to the provocatory proclamations from Moscow.

This is not to suggest that America would tolerate collectivism, nor that Soviet expansion proves that system superior even for Russia in normal situations. But, in times of crisis, and as a means to prevent recurrence of crises, this Soviet planning has merits which are attracting world attention. Planning is, after all, a problem for the whole world. The economic councils attached to European governments are halfway steps toward planning. If we had even a measure of centralized planning, American firms, instead of undercutting each other in the foreign market, would present a semblance of united front. As it is, American firms, rather than lose business to



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competing American firms, throw that business to the foreign competitors. America's rivalry with herself abroad is bound to be ruinous to our economy as a whole. Certain European countries are already following the Soviet lead in directing foreign trade. We cannot meet this socialist competition, which is organized and planned, with anarchy and *laissez faire*. We too must plan with intelligence. Just what measure of planning and regulation we can fit into our principles of private initiative awaits the experiment. We already have the framework of planning organization in such institutions as the Federal Trade Commission. Advance study is the first mark of sound statecraft.

Seeley, the historian, is responsible for the statement that the British Empire grew up in a fit of absence of mind. That is the British way of saying that in most of the crises of her history Britain has had at the helm a group of statesmen who read the signs of the times and sacrificed the immediate gain for the long and accruing advantage. Certain British thinkers, in February, 1931, presented for public discussion a 'National Plan,' involving self-government in industry, and planned control in production and trade without jeopardizing private property rights, or removing the stimulus of gain.

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Whether feasible or not this 'National Plan' seems to be an ingenious attempt to combine the merits and avoid the evils of both the capitalist and socialist systems. That long-range vision, thinking into the future, is what we need in America.

To plunge into decisions regarding the Soviets, under the propulsion of commercial fears, would reflect small renown on our political wisdom. Suppose we do bar Soviet trade; Germany and Italy are eager to make the desired machines. Nor can deportation of alien Communists accomplish anything beyond removing a small percentage of the active agents of Communism.

Some two thousand years ago there was a trade war in the Mediterranean. Periodically old Cato rose with or without provocation in the Roman senate, and shrieked: 'Delenda est Carthago!' He eventually was heard. We also have our Catos, who keep up the shout: 'Let this modern Carthage be destroyed; exterminate this race of pirates and smash the slave state they have created.' These Catos of ours know that one nation no longer puts another nation to the sword. They might serve us better if they applied their cunning to an analysis of the strength and weakness of the socialist means of attack and showed us how to plan our production

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without sacrificing institutions which still claim our faith.

We can meet this socialist competition on our home grounds. If necessary we can use protective measures as well as the Soviets. Moreover, American industrial technique in general lines is the most advanced of the world. The 'native ingenuity' of our people has in no wise diminished, although our industrial engineers believe that progress would be more rapid if corporate interests were prevented from buying up and shelving new inventions which threaten to make their existing plants obsolete. But the test is not at home. America must sell abroad. In that we have no choice.

### NO MAN'S LAND: THE EAST

Now, between the camp of socialism and the camp of capitalism is a No Man's Land, the entire East, neither socialistic nor capitalistic, but likewise made fluid by tremendous events.

The East lures Russia with the 'logic of geography.' The Russification policy of the tsars has given way to the Soviet policy of cultural autonomy within federation, of encouraging racial groups to preserve their indigenous culture, their language, their art, their legends, and even their songs. Critics point out that cultural autonomy

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is no cost on the central government, and that the nationalities would prefer material goods to cultural freedom. And certainly there is a strong separatist movement in Ukraine and in Georgia, where the natives feel that they are giving more than they receive in the general redistribution of the national income. The money drawn out of these republics is spent in the East. The Great Russian tide is rolling into Siberia and Central Asia, up to the mountain wall, and establishing the Marxist system under the eyes of neighbors who are not unreceptive to things which at least promise economic salvation. Will it jump that wall?

To come back, for a moment, to our first principles, Leninism is defined as Marxism of the epoch of imperialism. (In another place Stalin defines Leninism as the harmonious union of Russian revolutionary inspiration and American practical spirit.) Imperialism, according to Lenin, is dying capitalism, because it carries the contradictions of capitalism to their extreme limits, after which revolution begins.

There are three contradictions in imperialism:

1. Between capital and labor.
2. Between financial groups in the competition for sources of raw materials and labor power;

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hence for concessions, spheres of influence, mandates, and colonies.

3. Between a few powerful nations and the hundreds of millions of colonial, backward, and subject peoples.

Stalin puts the world program this way:

A. The world is divided into the minority, the civilized nations possessing the finance capital, and exploiting the rest of the population of the globe; and the majority, the colonial and subject peoples.

B. These colonies and subject peoples constitute an immense reserve of forces for imperialism.

C. These subject peoples have already entered upon the path of nationalism, and emancipation from the imperialist yoke.

D. The interests of the proletarian movement in the advanced countries, and of the national movements in the backward countries, have a common enemy, Western imperialism.

To put it another way, the class struggle within a single advanced country works with the class struggle between nations. The Soviets, therefore, support purely national movements in order to overthrow imperialism in the backward states.

Like Janus in the Roman temple, the Russian

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Revolution has two faces, one to the east and the other to the west. Russia turns east; this fact is the most potential for the future of all post-war phenomena. The East, cradle of the race, sent wave after wave of conquerors into Europe, the Huns, Avars, Magyars, Mongols, and Turks. The Arab civilization flourished in Spain as well as in Africa and Bagdad. But with the renaissance in Europe the tide turned. Western science and navigation of the age of discovery led to European encroachment upon Asia until imperialism began to crack during the World War, 1914-18. Since the war the entire East, in turn, has been stirred by a renaissance and by nationalism.

Hans Kohn, the celebrated German authority on nationalism, divides the world since the war into three fellowships with common destinies:

1. The Continental European, in which self-determination and economic self-interest have carried nationalism to the absurdity which leads to self-destruction unless the nations form a regional union.

2. The Anglo-Saxon fellowship, the British Empire and the United States, a hegemony based on sea power, scattered throughout the world, with special interests in Asia.

3. The fellowship in a common destiny which

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unites all the peoples of Asia and North Africa in the struggle to break up imperial tutelage.

The first of these, the Continental European, seems to be stripped of potential expansive power. But the old struggle between East and West is revived in the gigantic issue between the second and third, between the Anglo-Saxon fellowship and that of Asia and North Africa.

The free agent, neither east nor west, but both, is Russia, placed by geography and spiritual affinity to work the seesaw from the middle. And Russia has turned east, to the billion people of the East, with a program of national autonomy within federation, thus linking the social revolution with the struggle for national freedom from imperialism.

The constitution of the Soviet Union is offered as a model for a world federation of Soviet republics. The republics of the Union are not limited to their present territories, but must endeavor to take in more people as coöperating partners as soon as such people adopt a socialist constitution and coördinate their economy with that of the Union.

Capitalism, say the Communists, cannot build such coöperation between peoples. To that end the Soviets have spread education to the East,

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have separated the church from the state, and have introduced militant materialism. They have maintained a university for Oriental students in Moscow, and spend great sums in training them, often financing their missionary expeditions to their native lands. And special facilities are offered to Soviet citizens who will study Turkish, Persian, Chinese, and even Hindustani.

The Soviets have drawn their immediate neighbors, Turkey, Persia, Afghanistan, into a network of non-aggressive, benevolent neutrality treaties, which operate against the imperialistic countries of the West. They took concrete steps to make that coöperation bilateral by renouncing all the concession, privileges, and debts owed to the tsarist state by all these countries and by China. They grant equal rights to natives and submit to native courts. By wiping the slate clean of social inequalities, of superior and inferior people, they have won friendship in the East. The Russians understand the East.

In stirring up the nationalism of the East to fight imperialism, the Soviets look forward to unification, an Asiatic federation, a Pan-Asiatic economy, with the usual right of free withdrawal in the constitution. It was Kautsky, the eminent socialist, now the arch-enemy of the Bolsheviks,



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who in 1905 declared that the Russian Revolution would awaken the nations of the Middle East and Asia to historical life, which prophecy is now coming true. Of course, the East repudiates Communism. But any kind of opposition to the domination of capitalist countries serves the Soviet purpose. Even the remotest villages of the East have grasped the meaning of Wilson's doctrine of self-determination.

Asia is being modernized much more rapidly than is commonly supposed. Most of these countries from Turkey to China are attempting to jump from the Middle Ages to the industrial era without taking the intervening steps. The thrust is for economic power, by Western methods. The greatest market of the future will undoubtedly be awakened Asia, in which the consumer's demand is beyond calculation, once the desires have been stimulated by the spread of the modernization process. Of course, these Asiatic countries lack purchasing power, particularly since the debasement of silver, but they have enormous bargaining power, raw materials, and privileges of market to exchange. The Soviets have earmarked most of Asia as their private market, in which they believe they can undersell capitalist countries by reason of the so-called superiorities of their socialist system.

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They are favored by shorter all-land routes of transport.

The most significant phase of this push to the east is the industrialization of Siberia and Central Asia. Millions of rubles are being poured into those regions. The Kuznets basin is the largest exploited coal area in the world. Steel mills, iron foundries, chemical plants, textile mills are under construction along the sleepy Chinese frontier. The Turkestan-Siberia railway, completed last April, is the avenue of empire, tying up the wheatlands of the North with the cotton regions. Settlers have been arriving all year, new towns appear, and even Lake Balkhash suddenly looms on the map as a health resort. And the roar of industrial civilization awakens a mid-continent from its centuries of vacancy.

Irrigation in Central Asia is a romance of history. This hinterland of ancient empires was a broodland for conquering races, whose economy was based on cattle and irrigation. The causes of the fall of empires are always in dispute between historians. One theory is that wars so decimated the population in these regions that there was insufficient labor force to work irrigation. The decrease in irrigation meant decrease in evaporation, and eventually decrease in rain-

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fall. Under Turkish rule Mesopotamia reverted to the desert. Or it might have been that the prevailing winds changed and ceased to bring moisture, so that the springs dried up. In our own time, in western America, we have seen great arid areas transformed and rainfall increased through the increased evaporation of irrigation. And that is what is happening in Central Asia today with the huge irrigation projects for cotton culture. It means a new seat of economic power under the red flag on the very borders of China.

Another interesting factor is the changing spirit of the people of the East. You feel the change *vis-à-vis* the white man throughout the Arab world, in India where the movement is for outright independence, and in China where the natives demand tariff autonomy and abolition of extraterritoriality. The great race of Nordics is not passing, but it is losing its grip on the East. Talk with these people, from the Bosphorus to the China Sea, share their salt, and you must realize that the entire East is on the march, and the first objective is economic and political freedom from the white man's imperialism.

And there is Japan, which within forty years transformed herself from a tribal society into an

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industrial nation, often with the deciding vote in world council at Versailles or Geneva. Japan scooped up our science, and with cheap labor made herself a competitor of decisive weight in the struggle for Asia. Again by the 'logic of geography,' Japan must sink her roots into the continent of Asia, for raw materials, and for room in which to overflow. Upon the behest of America and the Dominions, Britain refused to renew the Anglo-Japanese alliance in 1922. Japan was also snubbed by America with our exclusion immigration law of 1924. So Japan, too, has turned to the continent of Asia for her future. Relations between Tokio and Moscow are mysteriously amicable. A working arrangement between Japan and the Soviets, even in Manchuria, the bread-basket of the Far East, is not the most unlikely prospect in the picture.

The world policy of the Soviets is offense to the east and defense to the west. In their defense they are aided by two powerful forces within European capitalism. The first is the intense rivalry inherent in economic nationalism, and the second is the rise of the common man.

### CAPITALIST RIVALRY

This rivalry between nations ranges from fair competition to tremendous greed. Europe has

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shifted to a new constellation of powers over such questions as revision of the war treaties. The defeated nations turn to Russia, not lured by Communism, but in economic desperation for a weapon with which to threaten the victors. Then there is the old cleavage between the industrial nations of the Atlantic and the agricultural lands of eastern Europe. The latter are now attempting to form an agrarian *bloc* to demand preferential treatment from the rest of Europe against the dumping from both overseas and Russia. And there is Briand's scheme for Pan-Europa, to present a united economic front against the pressure from America and the Soviets. Considerable confusion exists in the economic relations of these states, mounting tariff barriers vying with mutual contingents in trade agreements, a trend away from the most-favored-nation clause, and, along with the *étatisme*, a general dissatisfaction with parliamentary forms of government. There is also a move toward regulation of trade after the manner of the Soviet foreign trade monopoly. European dissension brought on the World War and made the Russian Revolution possible; it continues to ensure the Russian Revolution against attack.

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### RISE OF THE COMMON MAN

The rise of the common man is even more significant. Feudalism was maintained by inequality in armament. Froissart tells us in his description of the Battle of Crécy, 1346, that the snowstorm of arrows from the English yeomanry darkened the sun and destroyed the flower of French chivalry, the mounted knights clad in mail. The longbow and artillery, soon to follow, smashed the feudal order and increased the importance of the common man. Since then his progress has been now up, now down.

Preparation for the World War was in heavy artillery. The Germans produced guns which could demolish any fortress erected by man. But as the war of attrition went on, it became apparent that big guns alone could not win. The chief offense had to be the rifle and the bayonet, and the chief defense the bodies of the common soldiers. Germany could blow up Belgian forts, send Zeppelins to London, and Gothas to Paris, but the German army could not break the French line of *poilus* at Verdun. In 1916, the German Crown Prince sent more and more big guns into the line, until they were almost locked wheel to wheel from Saint-Mihiel around the salient to the Meuse, and for six months there ensued the most destructive warfare ever known. But the

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living wall of Frenchmen, constantly replaced, absorbed the bullets and shells. The line held. Recently, bodies have been dug up, standing upright with bayonets, where they had been buried alive during the mining operations at Verdun. France has reason to worship the *poilu*, the common soldier. The unknown soldier is also our symbol of national heroism in Arlington, before which we burn the undying fire.

Now, how much of this is mere lip service? The common man fought the war. In England he came back to what Lloyd George promised would be a land fit for heroes, where a threepenny bit would be worth ninepence. Instead, he saw pictures not unlike that described by Alfred Noyes in his poem the 'Victory Ball' — gorgeous ladies and gentlemen in a luxurious hall, congratulating each other on the Pax Britannica, while around in the dark corners were the specters from Flanders Field, representing those who paid for the ball.

Nevertheless, there has been a general movement to power of the common man since the war. There has been equalization of the franchise, a triumph of peasants over their landlords, and an advance of the 'new rich,' to offset the drop of a great portion of the old middle class into the ranks of the poor. There has been increased

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recognition of the voice of the producer in the councils of economic representation attached to governments. Organized labor is consulted now on national policy, even in America. And the International Labor Organization in Geneva advances the cause of labor in general. Moreover, the socialist governments of Europe, such as that in England today, are conducted by men who were formerly workmen.

There is a certain class solidarity growing up which is hard to measure. But it cuts across international lines. It is deep calling to deep. That tendency the Communists attempt to inflame. Class interest, however inarticulate in quiet times, is the chief defense of the Soviets to the west. It enables them to carry the offense to the east.

### THE ECONOMIC BATTLEFIELD

Soviet Russia is thus in the background of almost every international conference today, the counter-weight used by one side or the other. And that counter-weight in world problems cannot be ignored.

Reading the future is the business of those who delight in speculation. Without going to the extreme of making prophecies, we may apply the lessons of history to the present world situation.



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We know that there are three essentials to national greatness — large geographical area for internal expansion; access to an abundance of raw materials and food supply; and a creative, energetic, fresh people, whose driving power is focused on some great national objective. Applying this formula, we find three such regions in the world today, the United States, the Soviet Union, and China.

In the United States capitalism is evolving new forms, based on private property and initiative, to better the conditions of those able to rise.

In Soviet Russia, socialism is evolving new forms, based on the absence of private property and on collective effort, to better the conditions of society as a whole.

China is neither capitalistic nor socialistic, but fluid, just emerging from medievalism. China also has the three essentials of national greatness — more than four million square miles of territory rich in diversity; potential raw materials for an industrial civilization, including one billion tons of iron ore and 300 billion tons of coal reserve; and a hardy, industrious population of 400 million, struggling for the great objective of political unity which is retarded by the lack of adequate transport and communications.

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Russia and China are both old empires and new civilizations. The analogy could be carried through their political institutions, for China, like Russia, is ruled by a party (the Kuomintang) through a Central Executive Committee. Both are in social convulsion; both are effecting an intellectual transition; both are training a new citizenship, youth battling with age for the establishment of new institutions. And though Communism has been rejected by the rulers of Nanking, there is an enormous propertyless class in China which serves as pressure toward conciliation with Moscow. Need for outside aid forced the Kuomintang into alliance with Moscow in 1925, and may do so again, especially in view of the debasement of silver by capitalist countries, which reduced the value of Chinese currency by more than one half.

The springboard for Russian operations in China is Outer Mongolia, which borders the Soviet Union for one thousand miles. This 'independent' republic is controlled by a Peoples Revolutionary Party in the name of the Mongolian Proletariat. Here the equivalent of the Soviet foreign trade monopoly coöperates with Moscow. The strategic value of this land of Genghiz Khan is fully recognized in Soviet railroad and highway schemes.

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These factors point to China, particularly Manchuria, as the economic battlefield for the supreme test between capitalism and socialism. The world's greatest vacant market is where capitalism is most vulnerable. Of course, Oriental trade is not yet of decisive weight. But, in the words of Wu T'ing Fang, 'Add an inch to the shirt tail of every Chinese and you will keep the cotton mills of the world busy for a year supplying the increased demand occasioned thereby.' And Julean Arnold, American Commercial Attaché in China, makes the prophecy: 'A thoroughly modernized Asia will offer an opportunity in international trade probably surpassing that yet presented by any other section of the earth during all of human history.'

Our consciously righteous may cling to the self-satisfaction that the world must come to us, as we hold the bank, but the Soviets know the evangelizing power of cheap timber to a China denuded of forests and of cheap oil to her growing industries. It is not improbable that the machines bought by industrializing China within a few years will be American models, made in Russia. The Soviets learn technique from the West; they teach in the East. With their teaching goes Karl Marx. And with Karl Marx will go an increasing flood of manufactured goods,

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which might not sell in the West, but which the Soviets are willing to sell at a loss in the East in return for political influence against Western imperialism. Reports from Manchuria indicate that Soviet goods sold there are up to Western standards and much cheaper.

The system that wins the Asiatic market, and builds up the purchasing power of the world's largest block of consumers, will probably dictate the new political and economic institutions of the East. That certain Asiatic countries might be brought into the Soviet orbit of foreign trade monopoly, and closed to us, is more than a mere possibility. We must be prepared to see the East adopt collectivism as the means to ensure economic development by strictly native ownership. That Soviet achievements in a backward country should awaken the slumbering East to emulation is to be expected. But that Asia, at present neutral, has the potential mass weight to throw victory either to capitalism or socialism is a fact realized only by the few who take the long view of history.

We inherited our civil law from Rome and our moral law from Judaism and Christianity, but *lex economica* has never been codified. The machine age has introduced a whole series of new situations to which our old categories do not

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apply. And the relations of public authority to property and of man to the machine are perforce open questions. The struggle of the two systems for Asia is thus also a struggle for the right to dictate the *lex economica* of the future.

Individualism *versus* collectivism is the issue before the whole world. In the machine age, when the wage-earners shackled to the machine are increasing faster than any other class, the implication is that man cedes first place to system. We have been adapting ourselves to the new order unconsciously, the shift from spacious residential homes to stuffy apartments is only one instance. But does it mean that democracy must be enserfed, and that we must adopt all that collectivism implies? I believe not.

It does mean, however, that socialist competition will force significant changes in international relationships. We seem to be entering an era of regional collectivism between capitalist nations. As the conflict sharpens between Geneva and Moscow or the Comintern, between capitalist and labor internationalism, there might be a breaking-down of the vertical divisions and an increasing accentuation of the international line between the horizontal layers. Economically, certain countries of Europe seem destined to become more and more producers of luxury

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goods and playgrounds for the new world producers, while the two industrial Juggernauts of America and Soviet Russia confront each other across Europe and in the open markets of Asia.

In this world issue America (with Canada as an integral part of the geographical block), has a particular rôle. We showed the way in industrialization. By reason of our position we are favored to work out a compromise between individualism and collectivism. The next stage of human development cannot possibly retain *laissez-faire* economics. It must be an age of new capitalism, of balance, order, and discipline, of coöperation within nations and between nations. It is for America to work out the solution of this over-production, by preserving the best features of individual initiative and yet gaining the advantages of collective effort. To solve this problem, the ideal of service must, at times, be accepted in lieu of economic reward. To keep the leadership in world affairs, Americans must bring into play the two qualities ascribed to them by Delisle Burns — the intelligence of scientists and the sympathy of poets.

This world issue emphasizes more than ever the truth of the old prophecy, 'Westward the course of empire takes its way.' Empire has followed man in his quest for raw materials, and

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space, and sources of economic power, from Babylon to Egypt, Greece, Rome, Spain, France, England, and Germany, to America. The dominance has passed from the Mediterranean to the Atlantic, and in the future must pass to the Pacific. Spengler's 'Untergang des Abendlandes,' may be a premature prophecy of the twilight of the European gods. Nevertheless, the arena is shifting to the new economic centers of the Pacific. The old East becomes the new West. It is there that capitalism and socialism, America and Pan-Sovietism, will meet in conflict.

The issue of that conflict is dark in the crystal. It can be foretold only by men of such vision that they identify themselves with the mass of humanity, moving slowly in the fullness of time, along the middle of the road between the radical crusaders and the consciously righteous. Without the radicals progress would be slow. Without Sinn Fein there would be no Irish Free State. Without the Bolsheviks the capitalist states would not recognize the social dangers inherent in machine civilization.

My personal view of the struggle was stated long ago by Bobby Burns, that 'Man's inhumanity to man makes countless thousands mourn.' But man is always interesting even when forlorn, for he never gives up his quest of the Holy Grail, which is to abolish poverty.



















